Austria Sch22	Indonesia Rp3200	Portugal Esc200
Bahrain Din0.650	Israel NIS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon SL125.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rm4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway NKr8.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Science: Sacred cows of research feel the big stick, Page 13

World News Business Summary

Mexican inflation fears allayed

Mexican President Miguel de la Madrid calmed fears about a record 130 per cent inflation rate in his penultimate state-of-the-nation report.

The President also damped speculation that the central bank's reserves might be used to pay off debt. Page 22

Elba siege ends

Six convicted killers who barricaded themselves into a jail on the Italian island of Elba for more than a week freed their 28 hostages and surrendered.

Tamil exile accord

Sri Lanka signed an agreement with the UN High Commissioner for Refugees to finance the return home of some 150,000 Tamil refugees, most of them in India and Western Europe.

Chile colonel seized

Chilean Colonel Carlos Carreno was kidnapped by suspected left-wing guerrillas as he left his home in Santiago.

German judge shot

West German police said they suspected leftwing urban guerrillas were responsible for the shooting of senior judge Guenter Korbnacher, wounded in the leg in West Berlin.

Indian Express raid

Hundreds of government investigators raided the Indian Express newspaper, whose editor promised to continue to expose alleged official corruption. Page 4

Salvador warrants

The Salvadorean Government issued warrants for the arrest of 12 leaders of a hospital strike it believed to be part of a destabilisation campaign by guerrillas.

Afghan pilots mutiny

Western diplomats said that up to 15 planes were destroyed in fighting when Afghan pilots mutinied at the Bagram airbase north of Kabul.

Iceland defies US

Iceland said it would continue whaling, though at a reduced level, despite US threats of trade sanctions.

Timor climbdown

Portugal's new Government has dropped the key demand for self-determination for East Timor, the former colony annexed 11 years ago by Indonesia.

Soviet student boost

Izvestia said that outstanding Soviet university students would receive larger grants this year in an effort to improve higher education.

Cape protests

Police used teargas in clashes with 3,000 Cape Town university students protesting at the hanging of two blacks convicted of killing a black town councillor. Page 4

Korean talks

Opposition demands for the release of about 200 political prisoners were to be debated today in a meeting of the leaders of South Korea's main political parties. Page 22

Vatican promise

Following talks between the Pope and Jewish leaders, the Vatican said it was preparing a major document on the Nazi holocaust.

Turkish jail protest

Human rights groups said about 70 people were arrested for taking part in a protest outside Parliament in Ankara over conditions in Turkish jails.

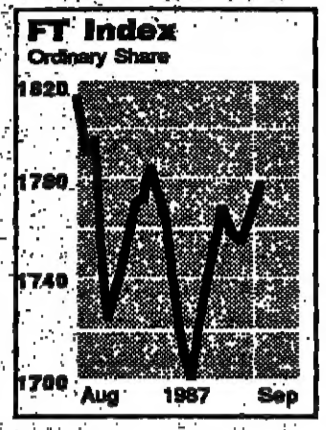
Red Square ban

Moscow's city government banned demonstrations in Red Square and 14 other central areas. Groups wishing to hold public assemblies will have to apply for permission in future.

UK trade deficit increases to £910m

UK TRADE deficit grew to £910m ($1.48bn) in July following a renewed surge in imports. The shortfall was partly offset by an estimated £600m surplus on invisible trade. This left a £310m deficit in the current account of the balance of payments, confirming the deterioration over the last three months after a healthy surplus between January and April. Page 22

LONDON: The UK securities markets shrugged off news of wider than expected UK trade and current account deficits for



July and surged in the last hour of trading to close at their best levels. The FT-SE 100 index closed 23.1 higher at 2,272.8 and the FT Ordinary index advanced 19.1 to end at 1,778.9. Details Page 38

WALL STREET: The Dow Jones industrial average closed down 51.98 at 2,610.97. Page 42

TOKYO: Buying enthusiasm at the start of September trading lifted prices to a record in busy trading. The Nikkei stock average gained 89.20 to 26,118.42. Page 42

GOLD closed at $453.25 on the London bullion market. In Zurich it fell to $454.05 ($456.25). Page 31

DOLLAR closed in New York at DM1.8085, Y141.40, FFr6.0520, SFr1.4930. It rose in London to close at DM1.8125 (DM1.8110); to SFr1.4965 (SFr1.4925); to FFr6.0650 (FFr6.0475); but fell to Y141.85 (Y141.95). On Bank of England figures the dollar's exchange rate index fell from 101.1 to 100.8. Page 31

STERLING closed in New York at $1.6430. It rose in London to close at $1.6400 ($1.6335); to DM2.9725 (DM2.9575); to Y232.75 (Y232.0); to SFr2.4550 (SFr2.4375); but fell to FFr9.9475 (FFr9.88). The pound's exchange rate index rose 0.3 to 72.8. Page 31

ERICSSON, Swedish telecommunications and electronics group, is seeking to strengthen its Italian market position by forging close links with Telit, the Italian telecom holding group. Page 24

ELDERS IXL, Australian conglomerate headed by John Elliott, unveiled details of plans to float a Hong Kong-based investment company. Page 25

RENAULT VEHICULES Industriels, state-owned French group, made a consolidated net profit of FFr30m ($5m) in the first half of this year, the first time it has been in the black since it was formed from the merger of the Saviem and Berliet companies in 1974. Page 24

ESSELTE, Swedish office supplies group, reported a 5.8 per cent fall in profits (after financial items) to SKr326m ($31.2m) in the first six months. Page 24

NORSK HYDRO, Norwegian state-controlled industrial firm, has had its short-term debt downgraded by Euroratings, the recently formed credit assessment agency based in London. Page 24

ADDIDAS of West Germany, world's largest manufacturer of sports shoes and clothing saw group turnover rise by 3 per cent to DM4.1bn last year. Page 24

HUDSON'S BAY Company, Canada's largest merchandising group, is showing continued losses despite a major restructuring and asset disposals totalling nearly C$500m (US$378.7m) in the first half. Page 23

Brussels to probe Japanese over dumping charges

BY WILLIAM DAWKINS IN BRUSSELS AND DAVID THOMAS IN LONDON

THE European Commission yesterday launched anti-dumping investigations against six leading Japanese electronics companies using a controversial new trade law.

Five of the seven plants named in the investigations are in the UK. The others are in France and West Germany.

The move, against electronic typewriter and weighing scale manufacturers, is the first time the Commission has used the law, which is designed to prevent Japanese companies getting round anti-dumping duties by setting up assembly-only plants in Europe.

The law, passed in June and one of the toughest international trade measures, angered Japanese industrialists by allowing anti-dumping duties to be extended to imported components.

The inquiry could lead to heightened tension between Britain and some other EC member states over the amount of Japanese investment flowing into the UK.

One of the companies, Brother Industries, is due to announce plans today to build a new printer factory at Wrexham, North Wales, where it already has two plants.

Some of the companies involved reacted angrily yesterday, saying they had sought the help of the UK Government in trying to increase the amount of components sourced locally.

The typewriter suppliers named are Brother and Sharp in Wrexham, Matsushita in Newport, South Wales, Silver Reed, which operates a factory jointly with BSR of Hong Kong in Birmingham, Canon in Brittany, France, and TEC Tokyo Electric (a subsidiary of Toshiba) in Brunswick, West Germany.

Anti-dumping duties were imposed on their products two years ago. One weighing machine producer is involved, TEC Tokyo Electric, which has been paying anti-dumping levies on imports for the past year and has a plant at Preston, Lancashire.

The typewriter inquiry is the result of complaints by Olivetti of Italy, Triumph-Adler and Olympia of West Germany and Rank Xerox of the UK. Avery, a subsidiary of General Electric Company of the UK, Morean of France and Bizerba of West Germany are behind the weighing machine case.

If Brussels finds against the Japanese plants, their output would be subject to the same anti-dumping duties as those already being levied on completed imports of the same products. These are between 21 per cent and 35 per cent on typewriters and 20.6 per cent on scales.

To qualify for the new penalties, the plants must have been set up or substantially boosted output soon after the launch of anti-dumping inquiries into imports of the same product. At the same time, more than 60 per cent of their components must be sourced from Japan.

Mr Jim Cattini, general manager of Brother's office equipment business in the UK, said its engineers had met UK Department of Trade officials to seek help in finding more local components. "As far as I'm aware, the department were happy with our progress," he said.

Mr Paul Young, technical director of Silver Reed UK, said the company had also asked for Government help in finding local components, but key parts of electronic typewriters, such as integrated circuits and motors, were not made in Europe.

US, UK banks 'fall behind Japanese'

Banks in the US and Britain are falling behind Japan in financial market competition because of the Japanese banks' strong financial position, according to London-based IBCA Banking Analysis. The company says in a report that the US and UK banks' competitive position has been weakened by a slowness to create a cushion against Third World loan losses. Page 22

Yeutter sees little hope of major cuts in US deficit

BY LIONEL BARBER IN WASHINGTON

THE US is unlikely to achieve any "major reductions" in its trade deficit, which last year hit a record $156.2bn, according to Mr Clayton Yeutter, the US trade representative.

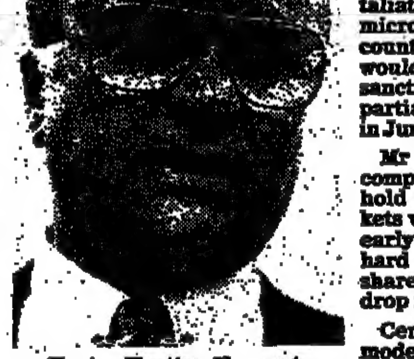
Mr Yeutter said he could see little hope for major improvement and that it would be difficult to achieve earlier forecasts of a $20bn to $30bn fall in the deficit this year. Those forecasts looked "increasingly at risk," he said.

Mr James Baker, the US Treasury Secretary, predicted a $20bn cut in the 1987 trade deficit, partly to stave off protectionist trade legislation in the US Congress, and also to ease selling pressure on the dollar against the West German mark and the Japanese yen. Some financial analysts believe the dollar must fall further if the trade deficit is to be turned round.

The US Treasury yesterday declined to comment on Mr Yeutter's remarks which were made in an interview with Reuters newsagency earlier this week.

Mr Yeutter's comments come as the US Congress prepares to reconvene to finalise major trade legislation. The Reagan Administration has threatened a presidential veto if the trade bill is protectionist.

Mr Yeutter repeated US criticism of West Germany and Japan for failing to stimulate their economies in order to create a larger market for US goods.


Clayton Yeutter: "forecasts at risk"

However, a senior West German Foreign Ministry official, Frau Irmgard Adam-Schwaetzer, yesterday rejected the criticism. She said in Washington that the DM5.2bn ($2.9bn) tax cuts which Bonn was to implement on January 1 next year would not be easy, because they had to be matched by spending cuts. "We have tried the recipe of deficit spending and it has not worked."

In his interview, Mr Yeutter retained the "get tough on unfair trade" stance adopted by the Administration this year when it imposed tariffs on $300m of Japanese goods in retaliation for alleged dumping of microchips in the US and third country markets. He said there would be no early end to the sanctions, which were lifted partially by President Reagan in June.

Mr Yeutter conceded that US companies had done too little to hold on to their overseas markets when the dollar rose in the early 1980s and had not tried hard enough to regain market share when the dollar began to drop in 1985.

Central banks intervened modestly on the foreign exchange markets yesterday in an attempt to break the dollar's recent fall. The Bank of Japan, West Germany's Bundesbank and the Bank of England were among those intervening. There were unconfirmed reports of dollar purchases by the US Federal Reserve.

The dollar recovered losses sustained earlier in the day to close in London at DM1.8125, little changed from last Friday's DM1.8110, and at Y1.4185 against Y1.4195.

Currencies, Page 31; Economic indicators, Page 5

Hope fades for trapped miners

BY ANTHONY ROBINSON IN JOHANNESBURG

FADING HOPES of finding more survivors from the mine disaster at the St. Helena gold mine in the Orange Free State ended last night when rescue teams established that the loaded mine cage had plunged to the bottom of the 1,376-metre deep shaft after an explosion early Monday morning.

Mr Steve Ellis, chairman of theGeneral Mining Corporation (Gencor) controlled mine, said: "There is no hope that any of the 40 people still unaccounted for could now be found alive.

"By now we must accept that there are 10 confirmed deaths and up to 40 more unconfirmed," he said.

Ten bodies were located earlier at an intermediate pumping station and down the shaft, while injured men, including two with serious burns, were brought to the surface.

Mr Gary Mande, a Gencor director, said the lift had fallen to the bottom and was covered by a 40-metre layer of debris. He said the company now faced the long process of reaching the crushed cage.

Mr Maude said methane gas appeared to be the cause of the explosion. "There is no sign that any explosives had gone off and methane appears the most likely cause of the explosion."

One of the five survivors, a migrant worker from the Transkei, said he saw "an explosion followed by a big fire, strong wind and then complete darkness."

The mine was one of several affected by strike action over the last three weeks but Mr Mande said: "The mine was properly maintained during the strike which only involved 30 per cent of the workers."

Meanwhile major mining houses reported that workers who had left mine hostels during the strike were now arriving back to resume work. Gencor reported an 88 per cent turnout, while Anglo American Corporation said the situation was returning to normal except on mines where workers had been dismissed.

Yesterday union officials began negotiations over the reinstatement of the sacked men.

US sets deadline for Iran to accept ceasefire

By Our Foreign Staff

The United States said last night it would seek a world arms embargo against Iran unless Tehran accepted a UN-ordered ceasefire in its seven-year war with Iraq by the end of the week.

Earlier Iraq claimed its warplanes attacked four ships in the Gulf yesterday while shipping sources reported that an Iranian gunboat hit and damaged a Spanish tanker 50 miles north of Bahrain. The incidents coincided with news from the Pentagon that US warships had safely completed escorting Kuwaiti tankers through the Gulf to Kuwait, the sixth such escorted convoy.

Britain yesterday lodged a formal protest against Iraq's resumption of attacks on shipping and oil targets and urged it strongly to refrain from further military action.

As Iraqi jets went into action for the fourth day in succession, the Iraqi charge d'affaires in London, Mr Abdul Muhsin Mohammad Said, was summoned to the Foreign Office to be told by senior officials that such attacks would increase tension in the Gulf, hamper UN efforts to end the war, and call into question Iraq's conditional acceptance of a UN Security Council resolution calling for ceasefire.

Mr Said undertook to report the message back to Baghdad, but offered no further comment beyond an explanation which the Iraqi Government has already sent to the UN in New York. Mr Tariq Aziz, the Iraqi Foreign Minister, has said Iraq resumed the so-called tanker war after a six-week lull because of what he called Iranian procrastination over accepting the UN resolution in full.

Britain and a number of its European allies are furious about the renewed air raids since they came at a time when Iran was showing signs of responding to UN peace efforts. They are also seen as increasing the danger of a spread of the conflict, since Iran has repeatedly threatened to retaliate for Iraqi attacks by striking other shipping in the Gulf.

London had previously been trying to step up the pressure on Tehran by pushing for an international ban on arms sales, on the grounds that Iran had failed to comply with the resolution.

The US has also expressed dismay at the resumption of attacks, though Washington has qualified its disapproval by saying that the decision was "understandable" in the light of Iran's failure to accept the UN resolution.

Iraq in debt, Page 3.

Coca-Cola set to spin-off film division

BY ANATOLE KALETSKY IN NEW YORK

COCA-COLA, the US soft drinks conglomerate which has become a formidable force in the film and television business since acquiring Columbia Pictures in 1981, is spinning off its entertainments business sector and merging it with Tri-Star Pictures.

The complex manoeuvre will create a film and TV company, to be run by Tri-Star's present management, with revenues of $1.5bn and assets of $3bn, a size that will rival the giants of Hollywood: Paramount, Warner and MCA.

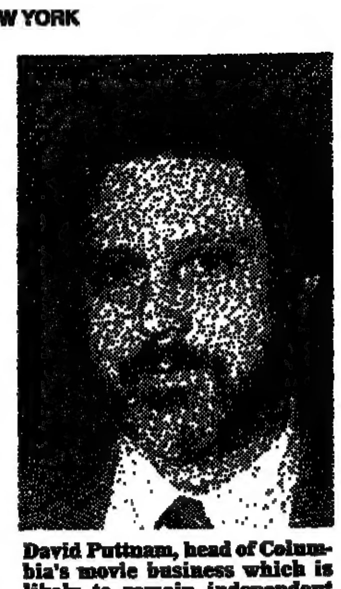
Coca-Cola currently owns about one-third of Tri-Star, a middle-ranking film company whose chairman, Mr Victor Kaufman, is well regarded on Wall Street.

The company's much larger in-house entertainments division, by contrast, has lately been criticised by some shareholders, partly as a result of the large losses suffered by Ishtar, a leaden comedy starring Dustin Hoffman and Warren Beatty, which has been one of the costliest flops in Hollywood history.

Coca-Cola will now hand over to Mr Kaufman's company the assets of its entertainments business sector in exchange for additional Tri-Star stock, sufficient to boost the Coca-Cola stake to 80 per cent. It will then distribute shares in the newly enlarged Tri-Star as a special dividend to Coca-Cola shareholders, reducing the company's own holding in Tri-Star to 49 per cent.

After the manoeuvre is completed, Tri-Star will probably be renamed Columbia Pictures Entertainment and will apply for a listing on the New York Stock Exchange, Coca-Cola officials said. The Columbia movie business, which is now run by Mr David Puttnam, the British film producer, is expected to continue operating separately from the Tri-Star film production business.

Although Coca-Cola officials said that yesterday's decision was unconnected with the $25m provision for Ishtar losses in the second quarter, analysts felt that the restructuring was motivated partly by the flattening out of the entertainment division's rapid earnings growth.


David Puttnam, head of Columbia's movie business which is likely to remain independent of the new grouping

Among the advantages of the new structure will be the possibility of continuing with the acquisition strategy followed by Coca-Cola on the basis of the entertainment industry's more attractive multiples. The newly combined company will have gross assets of $3.1bn and total liabilities of $2.1bn, including only $628m of interest-bearing debt - a low level of gearing by the standards of the entertainment industry.

In addition to Columbia and Tri-Star, the group will include Embassy Communications and Merv Griffin Enterprises, two television production companies bought in the last two years, plus Loews Theatre Management, a major theatre chain acquired by Tri-Star last year.

Coca-Cola's entertainment business sector had operating profits of $230m on revenues of $1.3bn in 1986, but suffered a "small" loss in the second quarter.

FT finds a new home

BY WILLIAM COCHRANE IN LONDON

PEARSON, the diversified UK industrial holding company and parent of the Financial Times newspaper, yesterday announced the £74.4m ($121m) purchase of a building to replace the newspaper's City of London head office, which it sold to a Japanese group

The new building, Horseshoe Court, is part of a Regalian Properties development near London Bridge Station, on the other side of the River Thames from the City.

The 155,000 sq ft building(14,400sq m) is expected to meet the needs of the newspaper for the foreseable future. The decision to move south of the Thames reflects the shortage of City office developments due to be completed in the next two years. Page 23

CONTENTS

ARGENTINA ARRIVES AT THE POLITICAL CROSSROADS

President Raul Alfonsin faces his most critical test yet at the polls, Page 5

EC, UK seek Swedish help on cartel claim

BY KEVIN DONE IN STOCKHOLM

EUROPEAN COMMUNITY and UK competition authorities are seeking information from Sweden on the alleged cartel activities of a group of European military explosives producers.

The close commercial links between the companies have been revealed by a Swedish customs investigation into the smuggling of explosives and weapons to the Middle East by Nobel Industries, the Swedish armaments and chemicals group, and its subsidiary Bofors.

The investigation has already triggered a cartel probe by Sweden's Office of Competition Ombudsman (NO). Ms Eva Tetzell, head of section at NO, said that copies of its initial report had been sent to Brussels and London after requests from the EC's competition directorate and the UK's Office of Fair Trading.

The NO report says that documents seized during raids on Bofors offices indicate that Nobelkrut, a division of Nobel Industries' chemicals and explosives sector, had operated as "a member of three different international explosives cartels."

The report says that other European explosives producers that were members of one or more of the alleged cartels between 1981-85, the period covered by the customs investigation, included SNPE of France, Dinamite of Italy, Nobel Explosives Company, a subsidiary of ICI of the UK, SSE of Switzerland, Dyno Industrier of Norway, and PRB of Belgium.

The Bofors documents cover alleged cartel operations in propellant powders, PETN, an explosive, and RDX, a plastic explosive. The NO report says the documents show the companies were engaged in activities aimed at fixing prices, sharing orders and dividing up markets.

The Office of Competition Ombudsman in Stockholm is now seeking an urgent meeting with Nobel Industries officials to seek more information about the Swedish company's activities.

Ms Tetzell said yesterday that a letter received from Nobel Industries on Monday in response to its first inquiries contained only scanty information.

The letter from Mr Lars Gothlin, director of legal affairs at Nobel Industries, refers exclusively to the company's activities regarding the Swedish marekt and only covers the years since 1985.

He says that the company has not taken part in "any co-operation with foreign producers of propellant powders or PETN with the effect of restricting competition in Sweden."

Sherry strikers hit harvest

By David White in Madrid

TRUCK LOADS of grapes were emptied on to the road near one of the main sherry houses at Jerez de la Frontera in southern Spain yesterday as workers at sherry companies staged the second day of a planned three week strike.

The strike, called by three trade unions and affecting 4,000 employees, is timed to coincide with the harvest and has caused serious concern among local growers.

Two trucks of newly-picked grapes being delivered to one company were attacked by workers yesterday and in other parts of the region roads were blocked to prevent the harvest from being brought in.

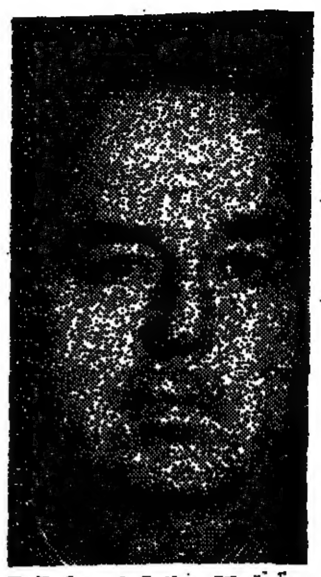
Growers, who have been expecting a harvest valued at between Pta 7bn and Pta 8bn (£40.3m) say the strike could lead to a 30 to 60 per cent cut in production if grapes are left to rot.

The conflict has reached a peak after nine months of negotiations on wages and working hours. Unions are seeking an 8 per cent pay increase, against 5.5 per cent offered by the employers.

Meanwhile, air traffic controllers in Barcelona are due to meet today after confirming a strike plan for Saturday.

French unions press for higher wages as inflation grows

BY GEORGE GRAHAM IN PARIS



Balladur: inflation likely to exceed 3 per cent.

FRENCH TRADE unions are beginning to press for higher wages in the light of the faster rate of inflation now expected this year.

Trade union leaders, who for the most part agreed to increases of 1.5 to 2.5 per cent in this year's pay negotiations, are keen to defend their members' purchasing power now that Mr Edouard Balladur, the Finance Minister, has admitted that inflation is likely to exceed 3 per cent for the whole of 1987.

Besides the acceleration of inflation, employees have seen their take-home pay cut by the emergency contributions which have been imposed in an attempt to fill the yawning deficit in the social security budget.

The greatest pressure is expected to come in the public sector, where pay rises were for the most part limited to 1.7 per cent, spread in three instalments over the year. Some unions have already called for a supplementary increase before the end of the year.

But Mr Herve de Charrette, Civil Service Minister, said yesterday that it was too early to talk of an extra payment.

He said the Government would do its best to maintain the purchasing power of state sector employees, but tha it was premature to consider a supplementary payment, when the inflation figures for the year were not yet known. He insisted that inflation was likely to be "a little over 3 per cent, not a lot more."

In the industrial and service sector, wages rises have been moderate this year. Insee the national statistical office shows a 1.6 per cent rise over the past year in labour costs in the engineering and electrical industries.

Officials at the CNPF, the French employers' federation, fear that there may be a "window of vulnerability" in this winter's wage negotiations.

Whereas in 1986 employees saw their purchasing power increase because inflation was lower than the Government had forecast, in 1987 they will see a reduction because the inflation forecast has turned out to be too low.

Other observers fear that the massive rent increases—often 40 per cent and in some cases 100 or 200 per cent—being demanded by landlords in some areas after the introduction of a rent act earlier this year will fuel employees' pay demands.

The CNPF issues pay negotiation guidelines to its member companies at the end of November, and most big industries negotiate with their trade unions in December and January. But in recent years negotiations have become less bunched around the turn of the year.

Pope calms Jewish fears

BY JOHN WYLES IN ROME

THE VATICAN'S tense relations with world Jewry were eased yesterday after an unusual 65-minute discussion between Pope John Paul II and nine leaders of Jewish organisations.

More a relaxed conversation than a normal Papal audience, the meeting at the Pope's summer residence at Castelgandolfo was a small piece of history designed to heal wounds most recently caused by the state visit to the Vatican in June by President Kurt Waldheim of Austria.

American Jewish leaders have been threatening to carry their protest as far as boycotting a meeting with the Pope in Miami during the Pontiff's visit to the US from September 10-19. But after yesterday's exchanges, Mr Seymour Reich, president of B'Nai B'Rith International, said that the success of the Miami meeting had been assured.

The encounter is being seen as an important novelty in a relationship which has been frequently strained this century by the Roman Catholic Church's failure to condemn the holocaust during the Second World War and its continuing reluctance to recognise the state of Israel.

According to the delegation, the Vatican is now preparing a document for publication in the winter on the roots of anti-Semitism and the significance of the holocaust which will be a re-examination of the Church's attitude to it.

Rabbi Gilbert Klaperman, president of the Council of American Synogogues, said that the Pope had not specifically responded to the questions put to him by the delegation on the Waldheim visit, but he had made "a moving declaration" on the holocaust, speaking of his youth "in a country where there had been Jews before the war and none after."

US warheads key to deal on missiles, says Moscow

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION said yesterday that the US must agree at the Geneva negotiations to eliminate its 72 nuclear warheads which arm the West German Pershing 1A missiles if there is to be an agreement on eliminating medium and shorter-range missiles.

Mr Alexander Bessmertnykh, the Soviet Deputy Foreign Minister, said that the offer by Chancellor Helmut Kohl of West Germany to scrap the missiles was useful but had not led to progress at Geneva.

Emphasising that the Soviet Union considers the Pershing 1As as the most important remaining obstacle to an agreement with the US, Mr Bessmertnykh said Moscow was interested in the US nuclear warheads rather than the West German rockets which propel them.

Mr Bessmertnykh also stressed that without agreement on the elimination of medium and shorter-range nuclear missiles there would be no summit meeting between Mr Mikhail Gorbachev, the Soviet leader, and President Reagan. He denied that a date is currently being discussed.

W German GNP rises by 1.5% in second quarter

BY HAIG SIMONIAN IN FRANKFURT

THE West German gross national product in the second quarter of 1987 rose by 1.5 per cent in real terms compared with the first three months of the year, when GNP fell by 0.5 per cent, according to figures released yesterday by the Federal Statistics Office.

However, real GNP in the second quarter only went up by 0.8 per cent against the same period last year on account of the "particularly good result" recorded then, said the Statistical Office.

Nevertheless, the latest rise, which is better than expected, also exceeds the 0.6 per cent GNP growth forecast for the second quarter made recently by the International Monteary Fund.

The improvement in GNP was largely due to higher private consumption, which went up by 2.3 per cent in real terms against the same period last year and followed a 2.6 per cent upswing in the first three months of this year. Meanwhile, public sector consumption increased by 1.2 per cent, while capital goods investment was 0.5 per cent higher.

However, investment in building fell by 1.2 per cent, while foreign trade in the second quarter declined overall. Exports fell 2.6 per cent below their level for the same time last year and imports of goods and services remained stable.

The latest GNP figures show "the economy has got going again," and has broken free of special restraining factors, such as the sharp fall in building investment caused by the harsh winter, according to the Federal Economics Ministry.

The Bonn authorities expect the present rate of growth to be maintained during the coming months.

Poland ducks issue of Soviet oppression

BY CHRISTOPHER BOBINSKI IN WARSAW

PROGRESS in revealing the truth about controversial moments in Polish-Soviet relations is likely to be slow to judge by a joint press conference given in Warsaw yesterday by Mr Jerzy Urban, the Polish spokesman, and Mr Gennady Gerasimov, his Soviet counterpart.

Mr Gerasimov ducked a direct question about Soviet responsibility for the Katyn massacre in 1940 of more than 15,000 Polish officers held as prisoners of war but did say that "we have both negative examples in our mutual history and they have to be brought out into the open. Emotions must not be incited."

Mr Urban, for his part, warned that historians were now working on the documents and that this took time. "Some of us may not be around to see the result," he cautioned. The subject came to the fore in the summer when Mr Gorbachev and General Jaruzelski, the Polish leader, pledged to erase "blank spots" from each other's history books. The issues at stake include the dissolution of the Polish Communist Party in 1938 and the elimination by Stalin of its leadership and the fate of more than 1m Poles deported to the Soviet Union in 1940 and 1941.

The two officials were speaking the day after the Polish party newspaper Trybuna Ludu published extracts from an article which General Jaruzelski has written for the leading Soviet ideological journal Communist. The Polish leader, who himself was deported to the Soviet Union in 1940, writes that as a result of the Molotov/Ribbentrop pact in 1939 "thousands of Poles suffered repression and deportation but a majority returned to their homeland after the war."

This is the first time that a Polish party leader since the war has admitted in public that Poles suffered wrongs at the hands of the Soviets during this period. Censorship on the Katyn issue has also eased in the past few months. For example, the local party newspaper in Poznan was permitted to publish that the Red Cross had concluded that the Soviets had been responsible for the Katyn massacre while the Soviets blamed the Germans. There will be progress, it seems, only if the anti-Stalinist campaign in the Soviet Union gains ground.

The issues are still tricky and Mr Urban yesterday warned that anyone attempting to "incite nationalist feelings" and seeking to "politically exploit them" was damaging Poland's vital interests. This in the past was the reason used to suppress all mention of such problems.

Mr Urban also hinted that a growth in public protests over these unsolved questions would harm Mr Gorbachev's efforts to modify the system in the Soviet Union.

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EUROPEAN NEWS

Adami tries to cool old Maltese political passions

Godfrey Grima in Valletta reviews a prime minister's first 100 days

Dr Eddie Fenech Adami: few achievements so far

MALTA'S new Prime Minister Dr Eddie Fenech Adami's first 100 days in power slipped uneventfully by last week without a political achievement of any note.

This is readily conceded by Dr Fenech Adami whose pro-Western Christian Nationalist Party on May 9 drove into opposition Dr Carmelo Mifsud Bonnici's socialists after 16 years in government.

Dr Fenech Adami's soft shoe *shuffle strategy for healing the* island's political, social and economic wounds has taken many by surprise.

Dr Mifsud Bonnici says: "In the field of foreign policy, to pick one example, they have made a complete U-turn. They are now propping up positions which we created and they bitterly opposed before the election."

There is much to confirm this judgment.

Bunkering facilities, granted by former Socialist Premier Mr Dom Mintoff to the Soviet Union, have been renewed.

Warm relations with Libya, once suspected of having dark designs in its use of Malta, are enthusiastically promoted. When Foreign Minister Dr Vincent Tabone recently condemned US bombings last year of Tripoli and Benghazi he appeared to have breached the government's policy of not condemning states in dispute.

Relations with the US itself have improved—possibly beyond what is publicly discussed, although no meeting with President Ronald Reagan could apparently be fixed for Dr Fenech Adami when he visits the US in October.

The evidence thus suggests that the new government, not unlike the previous one, is not against maintaining equally warm diplomatic ties with both superpowers.

Meanwhile, Israel, which recently dispatched its director for foreign affairs to Malta, may step up its diplomatic representation and Britain has sent a team of experts to advise on the restructuring of the island's armed forces.

Dr Fenech Adami's supporters, who mounted a herculean effort to topple the socialists, are hardly placated by these mild achievements. They expected significant reforms to reverse controversial decisions and the fear now is that the government has slipped into working under the lengthened shadows of its predecessor.

The reason Dr Fenech Adami, who enjoys widespread popular backing, still appears inhibited by his political foes, is to be found not least in the island's political realities, including his single-seat parliamentary majority. In the face of this, he has pursued a policy of national reconcilation, maintaining that only with a concerted effort backed by the opposition and the trade unions can Malta launch a serious economic development effort.

It would be a mistake to judge Dr Fenech Adami, a shrewd lawyer with an implicit faith in his political judgments, at face value. The moves to watch out for are not those which fuel political passions, such as settling scores with old foes.

The process initiated after the election to generate increased confidence abroad and greater national unity at home, he says, is his government's real achievement in these past three months.

"The smooth transfer of power from the hands of one party to the other confirmed our credentials as a democracy. Now we need that process to seep through, and that takes some time," he says.

Confidence in Malta, he says, is rising. Work for the island's troubled ship repair and ship building yards is picking up

For government to bog itself down in run-ins with the opposition party over parochial issues while reforms, including constitutional changes, are in the melting pot, would prove counterproductive, he says.

Divisive issues, including that of widespread corruption and the abuse of power in past years, concern over which helped sweep the nationalist party into power, may well continue to lose their priority.

"We don't want to rock the boat unnecessarily with the opposition," says the Prime Minister.

Soon Dr Fenech Adami will face his first test when, in presenting his first budget, he must start delivering on his electoral pledges to get the economy out of its rut.

Clearly Malta's economic problems depend on first defusing the passion for politics which drives the Maltese. By reforming their creaking political system the Maltese may find a way out of their seemingly endless impasse.

As a first step the new government is suggesting giving the island's largely ceremonial president increased powers while turning the presidency into a symbol of strength and national unity capable of keeping the two equally-balanced political parties at a safe distance. Shortly before parliament rose for the summer holidays a select committee was set up to suggest what powers to give future presidents.

The new incumbent may well be Dr Fenech Adami's former arch political foe Mr Mintoff, who would not fill the post unless his functions were more executive. Dr Fenech Adami has discussed the prospects of sanctioning Mr Mintoff's nomination to the presidency but has not committed himself.

The idea of both parties being involved in the running of the country is not without its risks, given the island's deep political divisions. Yet if Dr Fenech Adami succeeds in breaking the mould the island is more likely to keep its political passions, which often erupt into street battles, under tight reign.

He is well aware however, that the parties need each other if Malta is to be shepherded into a new era of greater political stability and economic prosperity.

Bulgarian companies to depend less on state

By Judy Dempsey in Sofia

CHANGES are taking place in Bulgarian enterprises which will give them greater independence and make them more concerned with profit and competition and less dependent on the state to dictate production levels and output, said a senior official from the Bulgarian Ministry of Trade.

Mr Antonas Paparizov, director general of the Ministry of Trade, said yesterday that if Bulgaria is to respond to the changing conditions in the world economy enterprises will have to adopt a more market-oriented mentality if they are to survive. But Mr Paparizov insists that survival and profit must be linked to satisfying the needs of the market.

The Bulgarian authorities have been introducing cautious economic reforms for nearly 20 years, partly aimed at decreasing the role of the state in certain areas of planning as well as modernising the country's largely agrarian-based economy.

There is growing consensus among Bulgarian officials and economists that the changes undertaken during the 1970s must be complemented by a radical overhauling of both the state structures as well as a fundamental reorganisation of the enterprises.

This point was clearly spelt out by the Bulgarian Communist Party leader, Mr Todor Zhivkov, at a central committee plenum in July.

The more favourable climate in the Soviet Union has given the authorities in Sofia an impetus to continue with their reforms but at a more intense pace.

Ministries played a major role in dictating norms and directives in previous years. This will now change. "The Ministry of Trade will assume a more legislative and consultative role," said Mr Paparizov, who is particularly interested in making the Bulgarian economy more outward-looking and competitive.

Managers in future, he says, will be able to set their own productivity levels as well as decide on wages, salaries and the organisation of the enterprise.

OVERSEAS NEWS

Stephen Fidler examines the financial strategy of running a war

Iraq in $60bn debt negotiations

IN THE seven years it has been waging the Gulf War, Iraq has been transformed from one of the Third World's richest countries into one of its largest debtors.

With foreign reserves down almost to nothing, Iraq owes up to $60bn and possibly much more to foreign lenders. On much of it, payments have been at best irregular or in some cases years late.

In contrast with those of Brazil and other major Third World debtors, however, almost nothing is heard of Iraq's foreign debts.

The Baghdad government would like to keep it that way. With the shrewd tactic of dealing with creditors separately and insisting that they do not consolidate their interests, it has largely succeeded. Little hard information is available to outsiders on Iraq's debt position because nobody gets the whole picture.

According to bankers with knowledge of the country, however, Iraq is now in the process of negotiating a significant restructuring of much of its foreign debt, which is already in use in several important areas.

This, together with higher oil prices and production which has risen to levels not seen since the early days of the war, suggests a significant improvement in the country's financial position since the plunge of oil prices early last year.

Revenues from oil exports may reach $11bn this year, with the recent commissioning of a new 500,000 barrels a day (b/d) pipeline through Turkey, taking its export capacity to 2m b/d. This compares with about $6bn last year.

With so much dependent on the course of its war with Iran and on oil prices, however, it is impossible to predict how long this improved state of affairs will continue.

"Iraq is not out of the woods yet," commented one banker in the Middle East. His view was that so far recent events had merely halted the deterioration of Iraq's foreign debt position.

Baghad has been extremely selective about how it distributes foreign currency for debt service. What at first sight has seemed rather chaotic is in fact a debt servicing policy made according to a complex pecking order of creditors.

At the bottom seem to be the largest creditors—the Gulf Arab states, particularly Saudi Arabia and Kuwait, which have bankrolled Baghdad throughout much of the war.

The political nature of these credits, usually estimated at $30bn to $40bn but now possibly more, suggests at least they are not being serviced while the war with Iran goes on. They may even be regarded by the Iraqis as grants.

However, falling oil prices have brought their share of economic problems to all the oil states of the Gulf, as well as to Iraq itself, which suggests that the pace of aid has fallen off in recent years.

At the other end of the scale, *commercial bank lenders in* medium-term credits to Iraq report a *fairly* good repayments record although Iraq has needed to reschedule its three major medium-term loans.

A $500m loan led by Paris-based Union de Banques Arabes et Francaises and signed in 1983 has already been rescheduled, after a missed principal repayment last September, the fourth of seven.

Under the new schedule, the missed payment will be paid off in six-monthly instalments ending in September 1988. The remaining three principal repayments have been pushed back two years, and are scheduled to be repaid over 18 months starting in March 1989.

Rescheduled too is a $125m pipeline finance loan led by Arab Banking Corporation and Apicorp of Saudi Arabia. Talks are now going on to reschedule the second $500m credit, raised in 1985 from banks led by Bahrain-based Gulf International Bank and a similar rescheduling is expected to result.

However, medium-term credits account for less than $2bn of the estimated $9bn to $10bn Iraq owes to banks. And as lenders or guarantors of short-term funds, the banks' experiences have not been so good.

Iraq stopped honouring letters of credit in the first half of last year, which severely damaged its ability to import normally. It is now negotiating bank-by-bank reschedulings of these debts, many of which are already complete and have succeeded in stretching out repayments for up to six years.

Japanese trading companies have also had severe difficulties in winning repayments for project-related debts. Like many creditors, they have in the past been offered oil in part payment, but reports in Europe last week that certain Korean and Japanese debt has been successfully restructured could not be confirmed.

Debt guaranteed by the western export credit agencies, estimated roughly to total $10bn to $15bn, receives variable treatment. True-to-form, Iraq has resisted a Paris Club-type rescheduling and handles each agency differently.

Loans guaranteed by Britain's Export Credit Guarantees Department have experienced only minor delays in repayments. Part of the reason for this seems ironically to be the failure of UK companies to win orders in Iraq in the early 1980s.

Iraqi officials are expected to visit London this month to negotiate a new line of credit to finance British exports, writes Stephen Fidler.

Two existing lines of credit, one for £275m arranged by Morgan Grenfell and the other for £300m led by Midland Bank, will expire at the year-end.

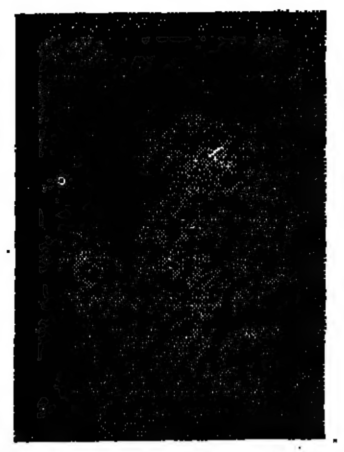
Bankers said that Iraq's payments record under the two lines had been good, with banks experiencing only minor delays in some repayments, and expected that the granting of a further credit line would encourage it to stay that way.

A new protocol might be expected to include a general purpose credit, with credits for pharmaceuticals and possibly food, and a line possibly for one project financing.

Whitehall officials are expected to discuss the matter in committee earlier this month, and bankers believe they will give the go-ahead in principle.

There is £80m left to disburse on the £300m credit, announced in 1985. The signing of deals accounting for *the remainder—£52m in a* general purpose line to buy British goods and a further £28m tied to three specific projects—is expected imminently.

The earlier £275m loan has some £30m left unused, and this too should be disbursed by the year-end.



Saddam Hussein: debt-ridden.

That meant the UK started late as a lender to Iraq at a time when other export credit agencies were pulling back, leaving spare credit for the Iraqis provided they kept up to date on payments.

In 1984, Midland Bank arranged a £300m British line of credit for Iraq, of which there is £80m left to disburse. The signing of deals accounting for this—£52m in a general purpose line to buy British goods and a further £28m tied to three specific projects—is expected imminently.

An earlier, £275m protocol arranged by Morgan Grenfell has some £30m left unused, and this too should be disbursed by the year-end.

Iraqi officials are then expected to be in the US some time in September in an attempt to negotiate further credits, and the current expectation is that they will achieve something.

Coface of France is also said still to have open lines for Iraq. Like other export credit agencies such as SACE of Italy, it is said to have agreed to a separate rescheduling with Baghdad.

Completing the debt picture are the significant sums Iraq owes for arms purchases, although details of such financings are even harder to pin down.

If there has been an improvement in Iraq's finances, it has yet to be felt inside the country, where a policy of suppressing imports continues. The regime's guns-and-butter policies of the early years of the war are clearly untenable and there are shortages of even basic products in the shops.

UK re-flagging for Kuwaiti tanker soon

BY KEVIN BROWN AND ANDREW GOWERS

FORMAL procedures for re-registering a Kuwaiti oil tanker under the British flag are expected to begin within the next 10 days, in the first such move directly involving the UK shipping register.

The al-Faiha, a supertanker owned by the Kuwait Oil Tanker Company (KOTC) is currently on its way to Kuwait, according to the Department of Transport in London.

When it arrives some time between now and September 10, the British consul will begin the paperwork to re-name it the Tonbridge (after the US-registered Kuwaiti supertanker the Bridgeton) and give it a provisional six-month entry on the UK register.

At that point, it will be immediately entitled to fly the Red Ensign, which will enable it to obtain assistance if necessary from the Royal Navy's Armilla Patrol in the Gulf.

Although the British Government insists that re-registering ships is a purely commercial and administrative matter, the move to transfer the al-Faiha has developed strong political overtones at a time when Kuwaiti ships are under threat of Iranian attack.

Eleven Kuwaiti tankers are being re-registered under the US flag, and the State Department in Washington has been keen to publicise Britain's involvement in re-flagging operations, much to London's embarrassment and annoyance.

Two Kuwaiti tankers have already been transferred to the shipping register in Gibraltar, which also entitles them to fly the British flag, and the Kuwaitis have also chartered a number of ships there. Fears have been expressed that these moves, together with the re-flagging of the al-Faiha, could draw Britain directly into any shooting war in the Gulf.

Shipping executives say these fears have probably been overplayed. They are, however, surprised by the move to place a Kuwaiti tanker directly on the UK register, which is a relatively expensive operation in view of the administrative criteria involved.

These include British ownership—which KOTC could satisfy through its existing UK subsidiary—and a British master and senior officers. Most of the re-registration that has taken place in recent years has been out of Britain towards so-called flags of convenience such as those of Liberia and Panama.

There is no mechanism for the Transport Department to refuse permission for reflagging, unless the applicant company or ship fails to meet the criteria.

But in what appears to have been an attempt to discourage use of the Red Ensign by Kuwait, British officials have been anxious to play down the extent of protection offered by the three warships of the Armilla Patrol.

This accompanies British-flag ships as far as Bahrain, but not in the dangerous waters of the northern Gulf. The Patrol's mission remains unchanged, officials say, despite the Government's decision last month to augment it by sending four minesweepers to the region.

Meanwhile, the Government is quietly confident of obtaining adequate back-up facilities for its additional warships from states in the region, principally Oman, Bahrain and the United Arab Emirates.

It is understood to have received top-level assurances that the crews of the minesweepers will be allowed rest and supply facilities in the southern Gulf. Formal basing rights have not been sought and are not regarded as necessary, however.

Foreign ministers of the Gulf Co-operation Council (GCC), which groups six Gulf Arab states, have been called to a meeting in Jeddah on September 12 to discuss a new flareup in the Gulf tanker war, Reuter reports from Bahrein.

The official Saudi Press Agency on Tuesday quoted the GCC Secretary-General, Abdullah Bishara, as saying the meeting had been called to "evaluate the situation in the region in light of recent developments."

The decision to hold it came after "intensive contacts during the last three days," he added.

Hussein in bid to reconcile Syria, Iraq

KING HUSSEIN of Jordan flew to Damascus yesterday in a surprise visit apparently aimed at reconciling Syria and Iraq ahead of a possible Arab summit meeting on rising tensions in the Gulf, Reuter reports.

But the chances of success appeared dim, with Syrian media intensifying the attack on Baghdad and Iraq's President Saddam Hussein, diplomats said.

The Jordanian king, on his second visit to Syria within four months, was due to meet Syria's President Hafez al-Assad to pursue his efforts to end feuding between Baghdad and Damascus, they added.

Neither side has given any details about the substance of the talks.

King Hussein's previous attempts to end the Syria-Iraq row have stumbled on demands that Syria cease its support for Iran.

"I think a reconciliation at this time would be tantamount to a miracle," one diplomat said.

The diplomats said Syria agreed with the King on the need to prevent the spread of the Gulf war to other Arab states in the region.

Hussein is the second Arab leader to come to Damascus seeking an end to the rivalries between Iraq and Syria, Iran's main ally in its seven-year war with Iraq.

Sheikh Zaid bin Sultan al-Nahayan, president of the United Arab Emirates was in Damascus two weeks ago on a similar mission, but seems to have made no progress, diplomats in the Gulf said.

The Damascus newspaper al-Baath, organ of the ruling Baath Party, has accused Iraq of continuing the war with Iran to help the US.

Jordan is a key supporter of Iraq and a conduit for its imports and exports.

Hussein's visit follows last week's Arab League resolution, which Syria supported, calling on Iran to accept the UN's July 20 ceasefire call in the Gulf war.

Diplomats said at the time an Arab summit might be called if Iran failed to heed the Arab appeal to accept a ceasefire by September 20.

Hussein was accompanied by Prime Minister Zeid al-Rifa'i and senior aides. Officials declined to say how long the visit would last.

Outcry over S African executions

BY ANTHONY ROBINSON IN JOHANNESBURG

TWO OF 33 black prisoners awaiting execution for murder and other capital crimes, committed during the unrest which swept black townships over the past three years were executed in Pretoria prison yesterday.

The executions took place despite an international and domestic campaign for the 33 to be considered as political prisoners and not condemned as common criminals. Mr Hans Dietrich Genscher, the West German Foreign Minister was among foreign politicians who have added their voice to appeals for clemency without result.

The two men hanged yesterday, Mr Moses Jantjies and Mr Wellington Mielies were convicted for the murder of Mr Ben Kinikin, the black community councillor and four of his children in the Eastern Cape township of Kwanobuhle in March 1985.

They were killed, mutilated and burnt by a large crowd who attacked and set fire to the family's funeral parlour.

Hours before the two men were executed, a Pretoria court handed down two more death sentences for the flaming tyre "necklace" murder of a black policeman in the township of Soshanguve north of Pretoria in February last year.

The accused were condemned on the evidence of three out of four witnesses who testified in camera during the trial. The two condemned men are Oupa Mbonane and Sibusiso Masuku who now join the 31 others still in Pretoria's deathrow.

The National Association of Democratic Lawyers (NADEL) a grouping of civil rights lawyers, condemned the executions and announced the start of an intensive campaign for abolition of the death sentence "for offences of social concern."

It also called for "recognition by the South African state of political activists condemned for political offences as prisoners of war in terms of the Geneva convention.

Worrall adds voice to attacks on Botha

BY ANTHONY ROBINSON IN JOHANNESBURG

MR DENIS WORRALL, the former South African Ambassador to London, has added his voice to mounting criticism of what is widely seen as President P. W. Botha's increasingly autocratic and belligerent style of leadership.

In a personal attack on the president, Mr Worrall, who returned home to fight the whites only elections on May 6, as an independent, said: "No country can afford a head of state who acts with such impetuousity and self-indulgence."

Mr Worrall, who just failed to unseat Dr Chris Heunis, Minister for Constitutional Affairs, on May 6, made his remarks at Grabouw in the Cape at the opening of the 30th constituency committee of the independent movement which aims to field candidates nationwide at the next elections.

Concern about the way in which Mr Botha is exercising the wide ranging powers granted to the executive president under the 1984 tri-cameral constitution surfaced last week after a disagreement with Mr Botha led to the resignation from the Cabinet of the Rev Allan Hendrickse, the coloured labour party leader.

Angered by the subsequent state controlled television coverage of the Hendrickse resignation, Mr Botha reportedly then demanded the dismissal of Mr Riaan Eksteen, chief executive of the South African Broadcasting Commission. This was resisted by the board.

But the display of presidential anger was widely interpreted as an abuse of power and linked to a long line of "finger wagging" incidents.

Worse from the party political point of view are the deeper implications of Mr Hendrickse's resignation from the Cabinet and his threat to block Mr Botha's plans to change the constitution in order to avoid holding white elections again in 1989.

Amendments to the constitution require majority support in all three houses of the racially divided parliament. Without assent from the coloured and Indian houses, Mr Botha risks having to fight an election in 1989 against a right wing official opposition which is poised for further gains in many marginal seats.

Mr Hendrickse has made abolition of the group areas and related apartheid legislation the price of coloured aquiesence in Mr Botha's proposed constitutional changes. This has put Mr Botha in a cleft stick as concessions in this direction would further alienate right wing whites and further weaken the national party.

Either way Mr Botha's own chances of being re-elected in the presidential elections also due in 1989 now look shakier.

Indian tax officers raid newspaper

By John Elliott in New Delhi

REVENUE officials yesterday raided offices in seven cities of the Inidan Express, the country's largest circulation newspaper, alleging large-scale infringement of import duty and and evasion of corporate an income tax.

The raids started a political storm because the newspaper has been leading a campaign against Government corruption and has run a series of reports revealing allegations of bribes being paid on a controversial \$1.4bn gun contract.

Mr Arun Shourie, the editor who has been directing the campaign, claimed the raids were "an infringement of the freedom of the press and politically motivated."

The Government of Mr Rajiv Gandhi is under intense pressure because of the corruption allegations and other political problems.

Officials in the Government's Directorate of Revenue Intelligence seized documents, alleging that printing machinery imported from Taiwan and other countries in the past six years under open general import licence arrangements were illegally sold to other users.

David Dodwell reports on move to diffuse risk of political clashes in colony

China calls for consensus in Hong Kong

CHINA'S most senior representative in Hong Kong yesterday called for consensus among those holding conflicting views on the colony's political future.

Since Peking has made clear its own objection to rapid political reform before China's post-1997 constitution for Hong Kong – called the basic law – is published in 1990, observers said the comment was likely to be aimed at isolating those in the territory pressing for more democratic involvement in elections scheduled for 1988.

It is also aimed at diffusing the risk of political clashes as the Hong Kong Government draws to the end of a six-month public debate on a Green Paper on political reform.

Debate on the Green Paper will end on September 30, with officials then drawing up White Paper recommendations for next year's elections.

Until recently, there appeared to be strong public support for the introduction of direct elections among Hong Kong's professional and middle classes. Pitched against these in sometimes vitriolic debate has been the wealthy business community.

However, latest polls have raised questions over the strength of any majority in favour of such reforms. Chinese officials, referring to Britain's commitment to "convergence" as a guiding principle for reform between now and 1997, have waged a "united front" campaign insisting that such radical reforms should not be initiated by an outgoing British colonial government cast in the role of a caretaker.

Xu Jaitun, head of the New China News Agency in Hong Kong, and in effect China's ambassador in the territory, said he did not want recent debates on political issues "to cause confrontation among various organisations, or the drifting apart of individuals leading to a split in Hong Kong society." He said both sides should show "mutual trust."

His comments sat uncomfortably with the call yesterday by a visiting Labour shadow minister for local people to speak out in support of direct elections in 1988.

Mr Brian Gould, Britain's shadow Secretary for Trade and Industry, said at the end of a week-long visit to Hong Kong at the invitation of the Government, that it would be wrong for the local administration to stall political reforms until after the drafting of the basic law "because that would mean not convergence, but deference".

Mr Gould added: "It would simply be a question of waiting to see what the Chinese wanted, and then falling into line.

"Even as a matter of tactics, there is everything to be said at present for maximising the demands before the basic law is drafted, so that convergence takes place as far as possible on terms which suit the objectives of full democracy," he said.

At the same time he added that there were questions over the extent to which China was willing to accept "full-scale direct elections" in Hong Kong.

Hopes subsided yesterday for an early resolution of the High Court battle to publish extracts of Mr Peter Wright's book, Spycatcher, in the Sunday Morning Post – Hong Kong's leading English-language Sunday newspaper.

Senior newspaper staff revealed that a ruling from the territory's Court of Appeal may not be made for several weeks.

Hopes of local publication of extracts were raised last week when a High Court judge overturned an injunction won by the British Government against publication.

A three-day appeal against this ruling ended on Friday, but hopes of an early resolution subsided when the Appeal judges decided to provide a written, rather than a verbal judgment.

Brazil's budget attacked for excess of optimism

BY IVO DAWNAY IN RIO DE JANEIRO

PRESIDENT JOSE Sarney has delivered his 1988 federal budget to the Brazilian Congress, calculating total expenditure for the coming year at 3.2 trillion cruzados ($66.25bn) or a nominal increase of 12.7 per cent on that of the current year.

Many economists immediately criticised what they saw as an over-optimistic economic outlook. For example, the budget calculates average prices roses of about 60 per cent over the 12 months, though there are now clear signs of a new surge of increases.

There was also scepticism over a forecast opearting deficit of Cz266bn—1.27 per cent of a Cz21 trillion gross domestic product. This would leave a margin of just 0.73 percentage points of GDP to accommodate additional spending by state and municipal Governments.

The federal government has told international creditors that it will confine its public deficit to 2 per cent of GDP in 1988, but heavily indebted state and municipal authorities are already pushing for extra federal funds to meet their commitments.

After the calculations, the Government has estimated a real increase of 17.5 per cent in fiscal receipts, which are expected to reach Cz2.15 trillion. The remaining Cz1.83 trillion are to come from credit operations.

About Cz 995bn must be raised in domestic issues of public debt, with the remaining Cz 88bn to come from external loans from such institutions as the World Bank and the Inter-American Development Bank.

> To concentrate attention more closely on the need to restrain public expenditure, the budget is combined in a single document

The budget estimates a trade surplus of $10bn for the year. On current trends, this looks easily attainable. Economists now believe that the recovery in Brazil's commercial performance will allow it to exceed the $8.5bn surplus sought for the end of 1987.

In an effort to concentrate attention more closely on the need to restrain public expenditure, for the first time the budget has combined in a single document projected fiscal receipts with the Government's proposal on issuing debt.

"The great novelty — the dream of the financiers, of society and of Congress—is that everything is included in the budget," Mr Anibal Teixeira, Planning Minister, said. "I think that the principal area for struggle will be the public deficit."

Among specific projects the budget foresees a 9 per cent real increase in spending on social programmes, but sceptics point out that a 50 per cent increase in these sectors, promised last year, failed to materialise.

The proposals also include, a Cz 8bn provision to finance the starto of the highly controversial 1,600-km railway to link the central region with the north. This scheme—a personal priority for Mr Sarney — has been attacked by critics as an ill-planned waste of precious resources.

The budget now goes to Congress, which may only approve it or throw it out.

Dole in clash with Ortega over Contras

By Lionel Barber in Washington

SENATOR ROBERT DOLE, the US Senate Republican leader and a seeker of his party's nomination for the presidency, yesterday became embroiled in a near shouting match with President Daniel Ortega of Nicaragua.

Mr Dole, on a fact-finding tour in Central America with three other Republican senators, met Mr Ortega in Managua, in front of foreign and local reporters instead of in a planned private meeting.

The row began when the president, noting that Mr Dole had just come from neighbouring Honduras, asked "How are the Contras doing?" Before the senator could reply, he added: "They are still killing children."

Mr Dole, visibly annoyed, blurted out: "This is a propaganda rally. We're not going to participate in it."

However, the senator, a strong supporter of the Nicaraguan Contra rebels, stayed for almost one hour, sparring with Mr Ortega. After the meeting, he said: "We're disappointed. We were props in his press conference."

During the tour, Mr Dole has met privately the architect of the Central American peace plan, President Oscar Arias of Costa Rica, and President José Azcona of Honduras. It is his first foreign trip since August 1985.

Mr Dole's campaign managers have been anxious to reverse his image of a Washington deal-maker with little experience of foreign policy.

However, the showdown with Mr Ortega will not harm Mr Dole in the eyes of conservative activists

Statistical work-in embarrasses Argentina

A further strike, which could jeopardise the government's chances in the mid-term elections has hit the Argentine public sector, reports Our Buenos Aires Correspondent.

Employees at the National Statistics and Censuses Institute decided yesterday to join train drivers, signalmen and bank clerks in industrial action in pursuit of pay claims against the government. However, instead of carrying out shift stoppages to disrupt services, they have embarked on an extraordinary form of protest by working extra hours.

Their threat is to publish the August inflation figures before the elections.

The institute usually produces the monthly inflation figures one to two weeks after the start of the next month. By working unpaid overtime, however, the employees hope to publish the August figures by the end of this week.

The government was clearly hoping that the figures, which are expected to represent the worst monthly rise since the introduction of the anti-inflation Austral Plan in June 1985, would be held back until after the elections.

In July, the retail price index rose by 10.1 per cent.

Alfonsin faces biggest electoral test

BY TIM COONE IN BUENOS AIRES

LAST MONTH the New York Philharmonic Orchestra, sponsored by Argentina's second-biggest foreign creditor bank, Citicorp, played to a crowd of 100,000 from a stage erected in the broadest avenue of Buenos Aires.

A dozen blocks away, members of the National Symphonic Orchestra frequently play their instruments outside the presidential palace in a novel protest which attracts a small but faithful gathering of supporters.

The reason, they say, is that the government has no funds adequately to support Argentina's own orchestra: fiscal deficit reductions agreed to with the International Monetary Fund, and the need to finance debt service payments from the budget have made cellists a low priority in government spending plans.

The cellist lobby is as it happens the least of the government's worries where on Sunday, 19.5m people go to the polling booths, the third time since 1983 when President Raul Alfonsin came to power following almost eight years of military rule.

At stake are the governorships of 20 of the country's 23 provinces of Argentina, 127 of the 254 seats for deputies in the national Congress, 914 seats in provincial legislatures and 10,299 posts for mayors and councillors at municipal level.

The key contest, however, is for the governorship of Buenos Aires province, the principal economic and population centre of the country outside of the federal capital of Buenos Aires city itself. It is generally held that this governorship is the soringboard to the presidency, the next contest for which occurs in 1989.

These elections are the most critical test of almost four years of President Raul Alfonsin's Government. They come at a moment when hyper-inflation is again on the horizon and labour unrest, especially in the public sector, is causing serious concern.

They also take place against a background of continuing unrest in the arme dforces which was only temporarily resolved following the Easter weekend uprising. This month the remaining human rights trials will resume of about 50 senior ranking officers that have not been absolved under the "due obedience" law passed last June.

More than 100 parties are participating in the elections, many of them relatively insignificant groupings seriously contesting seats only at municipal or provincial level.

At national level the two main contestors are the ruling Radical Party which is traditionally a party of the urban middle class and rural voters, an dthe Peronist Party which relies heavily on working class support. Between them they can be expected to take more than 70 per cent of the vote.

It is on the economy that the Peronists have chosen to focus their attack, as indeed have practically all the opposition parties.

An analysis published this week by Fiel, a respected economic research foundation, estimates that real incomes in indsutrial occupations have fallen by 20 per cent since the Radicals came to power in 1983. State sector employees have fared even worse.

The recent surge in inflation has further fuelled wage demands, while in an attempt to keep the suitation under control, the economy ministry has refused trade union appeals to indexlink wages to the inflation rate creatingf greater pressure within the trade union movement for industrial action.

The most recent opinion polls make the "don't knows" the most potent political force with between 30 and 40 per cent of the electorate.

The principal factor in favour of the ruling Radicals is the disarray in the ranks of the Peronists. The inclusion of a Peronist trade union leader in the government last April as labour minister has divided the Peronist party, which has traditionally been the party of the labour movement.

The loss of the Buenos Aires province and the slim majority the Radicals hold in the Chamber of Deputies are both real possibilities on Sunday. President Alfonsin would then have a minority government.

The government's post-election priority is to push through a constitutional reform creating a stronger parliamentary system of government in which a prime minister chosen from the majority party in congress would take on most of the executive functions now carried out by the president.

President Raul Alfonsin speaks of "social pact."

President Alfonsin says: "I am convinced that such a change would put an end for ever to the possibility of a coup d'etat." His reasoning is that if a government falls, the president as head of state can call for the formation of a new government, and thereby assure the continuity of the democratic system, without the various political groupings turning to the armed forces as they have done in the past to resolve a political crisis. The Italian system would be the closest model.

In recent weeks government leaders have spoken much of the possibility of a coalition government. President Alfonsin said that a "social pact" is "essential" after the elections and the constitutional reform "has to facilitate, promote perhaps, the presence of men of different parties in the government."

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The Peronists' candidate for the Buenos Aires governorship and leader of the main faction within the party, Mr Antonio Cafiero (also a former economy minister in the 1970s), said earlier this month that he would consider a coalition government after the elections "on the basis of a common programme."

Mr Guido di Tella, a leading Peronist economist and candidate for Congress said such a government would be acceptable only if there was "a change in the conditions of payment of the foreign debt and a substantial reduction in domestic interest rates."

That such a concession is being considered by the government was admitted by a senior member of the economic team.

Even without victory by Mr Cafiero, numerous government leaders have recently hinted at the need for a change in focus on the foreign debt issue. Just a month after the signing of a new memorandum of understanding with the IMF, it seems that the surge in inflation is already throwing the government's macroeconomic targets off-course.

Dr Jose Luis Machinea, the president of the central bank, insists that Argentina is not looking for confrontation with the banks, and that any new terms will be negotiated with the banks rather than imposed unilaterally. However, definite notes of change are being heard and the term "a negotiated moratorium" has recently crept into the vocabulary of economy ministry officials.

Symphonies aside, the first public overtures of any shift in strategy can be expected shortly after Sunday and its extent will be largely conditioned by the results of the elections.

Haitian receives Argentine political asylum

By Our Buenos Aires Correspondent

A HAITIAN opposition leader, Mr Bernard Sansaricq, has been granted exile in Argentina, having sought refuge in the Argentine embassy in Port-au-Prince on Friday.

He is a leader of the Haitian National Popular Party and an opponent of the former Duvalier regime in Haiti. He has opposed the present government, headed by General Henry Namphy.

Mr Sansaricq has been calling for a constitutional reform and free elections in Haiti, and has denied government charges that he was responsible for an armed attack on a judge and a group of soldiers at the beginning of last month.

The Argentine foreign ministry confirmed yesterday that Mr Sansaricq has been granted exile. He is now awaiting safe conduct to enable him to leave Haiti.

Peruvian banks to be kept out of local business

BY BARBARA DURR IN LIMA

PRESIDENT Alan Garcia of Peru, said yesterday that foreign bank branches would not be expropriated, but they are to be prohibited from accepting local deposits or making local loans.

This confirmed speculation among foreign bankers in Lima that, under the president's proposal for nationalisation in the financial sector, they would be reduced from branch operations to representative offices.

Mr Garcia said that foreign bank branches would only be allowed to attend to international trade, confirming letters of credit.

The five foreign bank branches operating in Peru are those of Bank of Tokyo, Bank of London and South America, Bank of America, Citibank and Banco Central de Madrid. Chase Manhattan agreed recently to sell its operation to a private Peruvian bank.

The foreign branches have been reducing their deposits since Mr Garcia came to office two years ago and the banking climate was perceived to have deteriorated. In 1985 and 1986, the six branches reduced their total deposits in local and foreign currency by an average of 37 per cent. They now hold only a 2 per cent share in the Peruvian banking market.

According to one foreign banking expert, the branches no longer wanted to extend the hard currency loans to the legally required extent.

The Peruvian senate continues this week with its debate of the bank nationalisation bill. Rapid approval appears likely.

Indicators up 0.5% in US

THE INDEX of leading US economic indicators rose a moderate 0.5 per cent in July, the Commerce Department reported yesterday, Reuter writes from Washington.

This was the sixth successive month of increase in the key index, which suggests continued economic growth in line with analysts' expectations, though still at a sluggish pace. A key factor behind the July improvement was a recent jump in stock prices on Wall Street, the department said.

William Dawkins on prospects of a trade war with Japan over anti-dumping measure

Brussels tightens up on the 'screwdrivers'

THE PROSPECT of a trade war between the EC and Japan came closer yesterday when Brussels fired the first shot from a new and fearsome Community trade weapon.

It is a tough new law, agreed by member-states just more than two months ago, which allows the European Commission to slap anti-dumping duties on unfairly under-priced foreign products made inside the EC, rather than being dumped as assembled imports.

It is designed to stop foreign manufacturers from avoiding anti-dumping levies by setting up EC assembly plants supplied with dumped parts, so-called "screwdriver" operations. It is also one of the toughest anti-dumping laws in the world — and until yesterday had never been used.

Those immediately in the firing line are the six top Japanese makers of electronic typewriters and one producer of electronic weighing scales whose EC activities, mainly in Britain, are to be investigated for evidence of dumping. However, the flak will fly much further than that.

Japan's powerful Keidanren federation of business organisations warned earlier this year that this extension of anti-dumping rules could bring harsh cuts in Japanese direct investment in the EC, estimated at $2bn worth of plant employing 72,000 people.

The move yesterday invites the question of whether the Keidanren will now carry out its threat. Britain has most to lose from the present case because five of the seven plants involved are based there. Indeed, it has been criticised by its EC partners for being too open to Japanese investment of this type at the expense of competing community industries.

Portugal, Ireland and Greece also have general qualms about allowing trade tensions to jeopardise jobs created by Japanese investment.

However, the industrial lobbyists which put pressure on the commission to adopt the regulation behind the move yesterday argue that this is a fair risk against the threat posed to the EC's industrial health by dumping. It has become too easy for Japanese producers to circumvent anti-dumping duties, they argue.

One company in the inquiry is even understood to have avoided the need to set up a "screwdriver" plant entirely by subcontracting basic typewriter assembly to small companies—none of which had any experience of making typewriters — dotted around its British warehouse.

> In the firing line are six Japanese electronic typewriter manufacturers and one of electronic weighing scales. However, the flak will fly much further.

If this latest attack against predatory pricing comes off—and most conventional dumping inquiries either lead to the imposition of price undertakings or to duties—it could be the first in a wave of attacks on low-cost assembly plants.

Other possible candidates include photocopiers, mechanical excavators and electric motors, products already subject to anti-dumping levies as assembled imports and where Japanese manufacturers have been busy building up EC investment recently.

This investigation will be faster than normal because far fewer facts have to be established than in a normal anti-dumping inquiry. Commission officials working on the case expect duties to be imposed within three months, roughly three times as fast as the present rate for conventional dumping procedures.

The criteria are straightforward. Penalties only apply to products already subject to definitive anti-dumping levies as fully-assembled imports, imposed in this case on Japanese typewriters in 1985 and weighting scales last year. They must be made in the EC by companies related to the original Japanese exporter and community production must have started or been substantially stepped up since the initial case opened.

The last key condition is that at least 60 per cent of the parts must come from the country doing the dumping, with the balance coming from any other source.

The most difficult part—fixing a figure for the anti-dumping duty—has already been done, for the regulation sets the penalty at the same level as that applicable to the imported product. However, anti-dumping duties for EC assembled goods only apply to the value of the materials imported from the country at the source of the dispute, rather than to the value of the product as a whole.

Whatever the size of the financial penalty, few in Brussels yesterday doubted that the diplomatic costs could be enormous.

Amadeus expands booking network

By Kevin Done in Stockholm

AIR INTER of France, Europe's largest domestic airline, is to join the Amadeus computerised reservations and distribution system launched earlier this year by Air France, Iberia, Lufthansa, and SAS Scandinavian Airlines System.

Leading European airlines are locked in an intense battle to dominate the air transport industry's computerised reservations market.

Only weeks after the launch of the Amadeus system in June four other airlines, British Airways, KLM Royal Dutch Airlines, Swissair and United Airlines of the US, announced plans to start their rival Galileo system.

They have since been joined by British Caledonia, Alitalia of Italy and Austrian Airlines.

The Amadeus group is co-operating with the Texas Air group of the US, which includes Continental Airlines and Eastern Airlines and signed an agreement in July to use software and technical support from Texas Air's System One booking unit.

The Amadeus group are planning to invest a total of $360m in software and IBM hardware for the new system, which is due to start operations in mid-1989.

Mr Curt Ekstroem, Amadeus managing director, claimed yesterday that the addition of Air Inter, which last year handled 12m passengers in France, established the Amadeus system as "the major travel distribution system in the European market." It claims to have already secured links over 15,000 travel agencies in Europe, the Americas and Africa.

The rival groups are aiming to offer travel agents, airlines and other users integrated reservations and accounting systems, enhanced management information, and access to comprehensive travel services such as hotel bookings, car hire and rail travel.

Thomson/Daewoo in France-Korea components deal

BY PAUL BETTS IN PARIS

THOMSON CSF, the French state-controlled defence and electronics group, has signed an agreement with Daewoo, the South Korean industrial conglomerate, to form a joint venture company in South Korea to manufacture electronic components.

The joint venture, the first by the French group in South Korea, is part of Thomson's efforts to expand its market penetration for its passive components business in the Far East.

The deal involves Thomson's LCC passive components subsidiary and ISU Chemical, a subsidiary of Daewoo specialised in chemicals and petrochemicals. The new joint venture company, called ISU Ceramics, will be 51 per cent owned by the Korean group and 49 per cent owned by Thomson.

Mr Roger Agniel, the chief executive of LCC, explained that the first phase of the joint venture will be to construct a plant to produce 6,000 tonnes of soft ferrite components for the consumer electronic market.

The investment will involve about $33m and the new joint venture company will have a capital of $12m.

Mr Agniel explained that if the ferrite venture proves successful, the two partners envisage expanding their co-operation in other passive component sectors in Korea. At the same time LCC has a number of other Far East deals in the pipeline to boost its presence on the Far East market.

With plants in France and Brazil, LCC currently employs 3,000 people and has annual sales of about FFr 1bn. After losing money for several years, the Thomson subsidiary after major restructuring returned in the black in 1984. Since then its annual profits have averaged 4-6 per cent of sales.

Although Thomson has now merged its consumer semiconductor business with SGS of Italy, it has kept full control of LCC, and of its military and professional components businesses.

Mr Agniel said that Thomson had been negotiating its venture deal with Daewoo for the past two years. He added that the French group saw a major opportunity for passive components in the Korean market, which, unlike the Japan market, is not dominated by local manufacturers. Korea's ambitions in the consumer electronics field are expected to offer major opportunities for passive component suppliers.

The new ferrite plant is due to come on stream in 1989. LCC will supply the technical management, manufacturing process and know-how for the new Korean company.

US-Canada tension over cars

BY PETER MONTAGNON, WORLD TRADE EDITOR

SERIOUS TENSIONS in US-Canadian trade relations are likely to emerge within the next few years as a result of Canadian incentives to Asian car companies to establish local production facilities.

These could act as a beach-head for experts to the US.

This warning is contained in a new study of US and Canadian car manufacturing policies* commissioned by the Canadian-American Committee, a think-tank sponsored by the prestigious C. D. Howe Institute of Toronto and the US National Planning Association.

Its author, Professor Paul Wonnacott of the University of Maryland, concludes that the remission of import duty to Asian companies producing in Canada could create a major difficulty in US-Canadian relations by the early 1990s. It calls into question the so-called Auto-Pact that has governed trade in automotive products between the two countries since 1965.

"It is not too strong to call it a time bomb," he says.

The heart of the problem is the Canadian praticee sanctioned under the Auto-pact, of remitting duties on vehicle imports as a reward to exporters of Canadian-made parts to the US and elsewhere. This can constitute an indirect subsidy on the export of Japanese cars via Canada to the US.

Professor Wonnacott argues that the lead being taken by Canada in attracting Asian manufacturers to invest there is likely to bring this problem to a head.

Current projections indicate that by 1990 Asian car companies will have an annual production capacity of 450,000 units in Canada, compared with about 1.7m in the US. The smaller Canadian economy will thus have a much larger share of production than of sales forcing it to become a significant exporter of Japanese and South Korean vehicles to the US, he says.

US manufacturers are likely to complain as these exports grow, creating pressure for the application of countervailing duties. Such pressure, the study maintains, would prove successful because "it is hard to see ambiguities in the duty-demission programme; it falls within a reasonable definition of export subsidy."

"It will be difficult to solve the (duty) remission problem," he concludes. "The Canadian government cannot easily eliminate the remissions, since they have already been promised to foreign firms and, at any rate, the Canadian government intensely dislikes to be seen as backing down in the face of US pressure."

Canadian car industry executives remain uncertain as to how the Auto-Pact will be treated in the current US/Canada free trade talks, which are due to be concluded at the end of the month.

One solution, suggests Professor Wonnacott, would be to eliminate the duty rebates as part of the overall free trade package. "Canada can more gracefully give up its ticking time bomb when there are other items in the agreement that it wants."

* US and Canadian Auto Policies in a Changing World Environment. Paul Wonnacott. Canadian-American Committee, 1616 P Street NW, Suit 400, Washington DC 20036. Price US$6.00.

US considers tough line on Kansai contracts

By Our World Trade Editor

THE REAGAN Administration is to review its policy towards Japan's proposed $7bn Kansai International airport to determine whether it should make more aggressive use of trade laws to help secure orders for the US construction firms and consultants.

The review raises the possibility that the US may eventually impose trade sanctions against Japan if the White House determines that US companies are being unfairly barred from competing for business connected with the airport.

A Commerce Department spokesman said yesterday that there was no immediate threat of sanctions. At this stage the various government agencies concerned were just beginning the review, expected to take about a month, to determine whether the Administration should drop its present "export promotional" policy in favour of a more aggressive stance.

Lobying by government officials on behalf of US companies had so far produced only "minimal" results, she said. Though some concessions were offered during a visit to Japan last month by Mr Bruce Smart, Under-Secretary of Commerce, "we don't know whether its going to be soon enough and enough" to produce concrete results.

The Kansai Airport project, which involves the development of a new airport on reclaimed land in Osaka Bay, has been a bone of contention between the two countries for about a year, with Japanese officials arguing that foreign companies lack the expertise for the complex reclamation work involved.

But the more aggressive stance under consideration in Washington could involve the issue being forced by an action under Section 301 of the US trade law. Such an action could take up to a year to pass through its various stages but it would ultimately permit the US to impose retaliate against Japanese construction companies if US firms were being unfairly barred from winning business in Japan.

Japanese keep anxious eye on camera suit

BY YOKO SHIBATA IN TOKYO

JAPANESE CAMERA makers are watching closely the progress of a patent infringement suit filed by Honeywell, the US electronics group, against Minolta Camera of Japan.

Honeywell, which filed the suit in a Mineapolis district court, claimed that Minolta used Honeywell technology in its Alpha single-lens reflex, automatic-focus cameras which have proved highly popular.

Industry sources in Japan said Minolta's Alpha had been singled out because of its huge sales.

Kyocera, which has a cross-licence agreement with Minolta including auto-focus modules, is viewing the suit with grave concern, but Canon said its technology was safe because its products were developed after detailed investigation of existing patents.

Olympus Optical and Asahi Optical (maker of Pentax cameras) which use Honeywell automatic focus devices in their products, and Nikon which employs a different technology in its cameras do not foresee any problems.

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TECHNOLOGY

Taiwan plays trump fax card for IBMs

BY BOB KING IN TAIPEI

MICROTEK, a small but innovative Taiwanese company, has introduced a facsimile card for IBM personal computers and compatibles which appears to offer features rivalling those of more expensive systems.

The card, called the MFAX96, complements a line of image scanners that the company says has a 31 per cent market share in the US and more than half in Europe.

The system, retailing at $995 (£614), operates at up to 9,600 bits per second and is compatible with any Group III fax machine. It offers automatic dialing and receiving, scheduled and multi-address transmission and, used with the scanner, extremely high resolution graphics and image communication.

While other fax cards - in various price ranges - have most or all of these features, the Microtek system also incorporates so-called background operation. That means that a user need not dedicate a PC to the fax function.

He or she could be working on a document in, say, word-processing mode when a fax call comes in. The CPU on board the card freezes the keyboard until the fax transmission is received and stored, and then returns the user to the original task.

The Microtek card provides powerful facilities for displaying, composing and editing fax images and messages on screen. In-house software provided with the device allows enlargement, reduction, rotation, flipping, erasing, inversion, and even "cutting and pasting" of the images.

A recent display of the card at a Taipei PC users' group meeting impressed the often jaded users and engineers. In Taiwan, at least, the unit offers an inexpensive alternative to the standard fax machine - and, of course, saves the expense of a second telephone line.

The company plans to introduce a stand-alone version of the fax card, which will connect to any computer through a standard RS 232 communications port. While both the card and the stand-alone unit will function independently as faxes, Microtek envisages that the products will form part of its growing network of communications devices and software. Options include connections to a scanner and either laser-jet or dot-matrix printers.

Software provided with the scanner offers "windowing" in "mixed mode", so that users can mix half-tones and text. The scanners also feature 64 grey-level gradations (compared with a maximum of 32 from competitors) and up to 300 dots per inch for excellent half-tone reproduction. The devices compress data to reduce transmission times and costs.

Used with the company's optical character recognition software, the scanner can read typed or printed documents at 40 seconds a page, eliminating the need for a typist to re-key the text. Microtek claims accuracy as high as 99.87 per cent in a variety of popular typefaces.

The company markets its products with Digital Equipment Corporation, and with Rank Xerox in Europe. It also sells on an original equipment manufacturer basis to Unisys, AST, and Taxan of the US, Gestetner Holdings of the UK, and H. Berthold of West Germany.

Standard coal in a bottle

SCIENTISTS at a government laboratory in the US have been collecting pieces of coal and putting them in bottles. The results of this odd exercise may help operators of power stations and factory plant to cause less pollution and burn fuel more efficiently.

The Argonne National Laboratory in Illinois, run by the Department of Energy, has been tackling a central problem in coal studies - the lack of uniformity in coal samples.

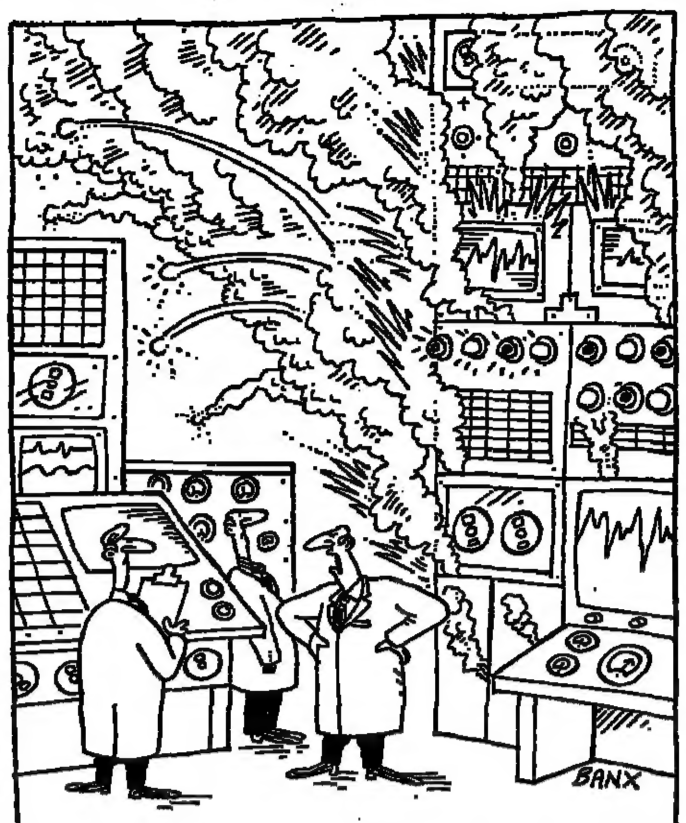
Scientific results involving coal combustion can be difficult to evaluate because the fuel varies between different programmes. Furthermore, even coal types which, on the face of it are similar, vary according to the seam from which they were mined and to the degree of air exposure.

The Argonne scientists picked three major classes of coal from seven parts of the US. They carefully prepared samples of each and packed the material into glass vials, where it is stored in a controlled atmosphere.

Up to 75,000 vials will eventually be available. They will be handed out to research institutions interested in using the standardised samples in a scientific project.

Peter Marsh explains how ICI's colours and fine chemicals division has found the electronic key to a more efficient future

Profits of a different hue



"WHO PROGRAMMED THE COMPUTER TO SEARCH FOR LAVENDER SCENTED HANKIE DYE?"

IN THE fast-moving fashion industry, blue was a favourite colour last year. All over the world, designers strived to identify the dyes to create the correct shade of blue, and then to find manufacturers capable of producing the chemicals as quickly as possible.

This pattern of planning in the fashion business, repeated year after year with varying colours and styles, also has to reflect changes in demand from shops. If a shirt or dress in a certain colour is not selling well, the clothes manufacturer may seek to replace the item with one dyed differently.

The fluctuations create obvious strains for dyestuffs producers, which include some of the world's leading chemicals companies such as Sandoz, Ciba-Geigy, BASF and Imperial Chemical Industries.

Reacting to sudden alterations in orders is hard enough when a manufacturer is turning out discrete products such as valves or computers. In process industries such as dyestuffs, *however, the problems* are aggravated because the product is not a single item but rather a chemical formulated from dozens of ingredients, all of which have to be ordered and manufactured.

Four years ago, managers at *the colours and fine chemicals* division of ICI faced up to the difficulties. They started the development of a £3m computer network, designed to link the company's offices and factories in Britain and France so that orders from customers could be *processed more quickly*.

The system, which went live earlier this year, is already producing benefits, says Ken Dargie, the division's commercial services manager. According to Dargie, the time taken to turn out a new batch of products from a customer's order has been reduced by roughly 10 per cent, to an average of a little under six months.

Almost as important, a customer telexing or telephoning an order for a certain chemical can now be told within 24 hours whether the material is in stock. With manufacturing spread over 10 locations in Britain and France, and with stocks held in warehouses in the 80 or so countries where the division operates, ICI's managers previously found it far from easy to answer even such apparently simple questions.

One of ICI's customers is C.W. Pittard, a leading leatherware manufacturer, based in Yeovil, Somerset. Peter Laight, technical director, says it is "absolutely critical" for his company to react quickly to changes in demand from the market place. He agrees that this in turn imposes stresses on dye makers.

Pittard, part of the Pittard Garner group, makes clothing, gloves and shoes in anything up to 6,000 colours, each of which is based on a dye which owes its origin to a mixture of materials drawn from about 100 chemicals.

ICI's colours and fine chemicals division has annual sales of about £500m. The split is roughly 60:40 between dyestuffs and associated pigments, and speciality chemicals. The dyestuffs are blends of materials commonly based on complicated chains of benzene-related chemicals, *while the speciality* chemicals are used predominantly as intermediate materials in the manufacture of products such as drugs and plastics.

As recently as 1984, the division made a loss. Now it is turning out what Tony Rogers, the chairman, calls "moderately healthy" profits, although he does not want to give the exact figures.

The change, says Rogers, has followed cost cutting - the division now employs 5,000 people, roughly half the number of five years ago - and an effort to focus the division's strategy for product development and sales.

With a head office in Manchester and three main factories in Huddersfield and Grangemouth in Britain and Oissell in France, the division is responsible for 2,000 basic products, half the number of five years ago. "We have tried to get away from the grocer's shop approach of selling a little of virtually everything," says Rogers. "We have tried to concentrate on what we do best."

The computer project has been fundamental to the recovery strategy. Rogers says it is part of a general drive to put a greater emphasis on attending to the needs of the customer.

It took 80 man-years to develop the software, which was written by ICI's own engineers because they found nothing suitable on the market.

The computer system is based on a big IBM machine in Manchester, which is connected to about 50 terminals scattered around the division's factories and to its central warehouse at Heywood.

Heywood, which is near Manchester, is responsible both for taking orders from customers and for sending off shipments, which can be in quantities varying from a few grams to several tonnes. The warehouse's total floor space for holding materials for shipping adds up to the equivalent of four soccer pitches.

Staff at this centre determine, via the computer system, whether the chemicals involved in a particular order are in stock and, if not, the sequence of steps to make them in any of the company's factories.

Plant managers can use their terminals to link up with counterparts elsewhere in the division, to order chemicals used as raw materials or to monitor production in other parts of the division.

The computer project has also produced benefits for other parts of ICI, including those concerned with pesticides and other plant-protection products, pharmaceuticals and paint *additives*.

Under an ICI-wide function for the colours and fine chemicals division, chemicals are turned out for these other parts of the company, orders for which are also fed in through the computer.

The idea of this cross linking with other parts of ICI is to maximise the use of the division's manufacturing facilities, many of which are concerned with making formulations that are used in other ICI products as well as colours and fine chemicals.

As well as the colours and fine chemicals division's three main factories, other plants run by the division which also make materials for ICI's other subsidiaries are at Avlon, Ellesmere Port and Stevenston in Britain and Villers St Paul and St Clair du Rhone in France.

Taking the plant to the fuel

MOST coal-fired power stations use fuel transported in from miles away. But a power plant on the drawing board in California is planned to sit right on top of the coal it uses.

That is not the only unusual feature of the station, which the Northern California Power Agency, a public authority comprising several municipal energy utilities, *is considering* building. It would also include fluid-bed combustion technology and advanced pollution-control equipment to increase burning efficiency and minimise gaseous emissions.

Thermo Electron, a company in Waltham, Massachusetts, is studying the station under a contract to the power agency. It would burn lignite, a type of coal which has a lower heating value than other forms of combustible material and is relatively *expensive to transport*.

According to the agency's plans, the station would be built on a lignite field, so cutting transportation costs. The ash residue would remain on the site, the mineral rights to which are owned by Thermo *Electron, which specialises in* energy systems, aerospace components and biomedical equipment.

If the study finds that conditions for building the plant are favourable, construction will go ahead over the next few *years at a cost of about $100m* (£62m). The field has reserves to generate 40MW of electricity over the next few decades.

Conducting a US tour

UK SCIENTISTS and industrial executives are acutely worried about falling behind in the world race to commercialise superconductivity technology. Intent on keeping up with the faster pace of developments in the US, a team of five specialists will make a 10-day fact-finding tour of principal US centres in October. Jan E. Evetts, of the department of materials science and metallurgy at Cambridge University, will lead the team.

The trip is funded by the UK Department of Trade and Industry. It will include Karl Gehring of GEC Research, Dennis Hadfield of the BNF Metals Technology Centre, and representatives from Magnet Technology and the Science and Engineering Research Council's Rutherford Appleton Laboratory.

Superconductors transmit electricity with almost no loss of power. Newly developed superconducting materials function at less cold temperatures than those previously developed and hold the promise of cheaper electrical power, faster computers and other potential commercial applications.

A safety checklist

HOW safe is your office or factory? A computer-driven video, which runs through a series of safety checks for people in various forms of work, is available from Video Media, a company in London.

The video, which involves a set of questions which are answered using the computer, tests the awareness to danger of people in offices and plants, and how the hazards can be prevented. It costs £150 plus VAT and runs on IBM-compatible personal computers or interactive video workstations.

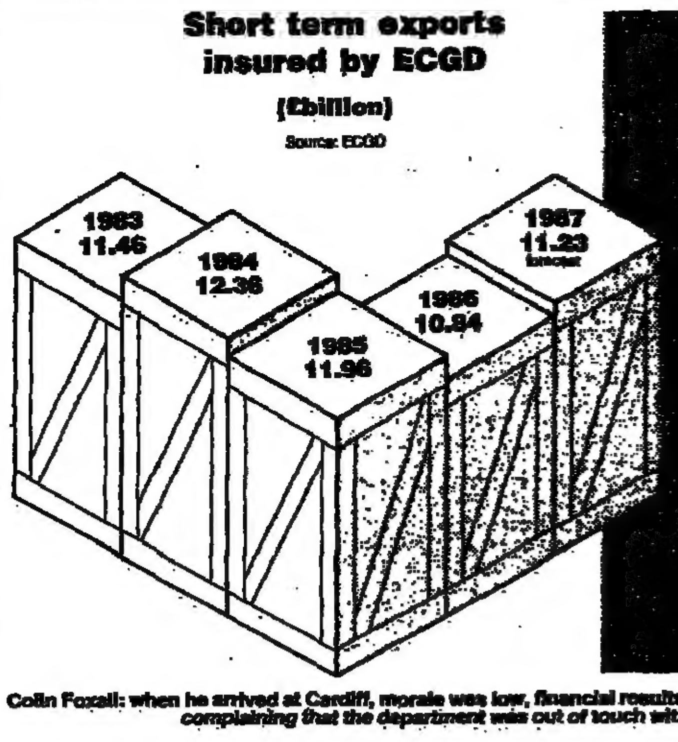
WORTH WATCHING

Aluminium and its uses

A BOOK has just been published which details a range of uses for aluminium, from etching to protective anodising and electrodeposition. The Surface Treatment and Finishing of Aluminium and its Alloys is available from Portcullis Press, 2 Queensway, Redhill, Surrey RH1 1QS, for £120.

CONTACTS: Thermo Electron: US, 617 890 8700. Crowtack: UK, 0628 71513. Argonne National Laboratory: US, 312 972 7969. Video Media: UK, 01 405 3257.

MANAGEMENT



Colin Foxall: when he arrived at Cardiff, morale was low, financial results were poor and exporters were *complaining that the department was out of touch with the market*

ECGD takes on a more commercial face

Peter Montagnon explains how a UK government department under pressure to improve its performance is modernising its outlook

THERE CANNOT be many under-secretaries in the British civil service who sport a Filofax and a remote radio telephone as part of their daily business equipment. Foxall, Director of the *Export Credits Guarantee* Department Comprehensive Group in Cardiff, however, is one who does.

They are not *status symbols* but small examples of the way in which this part of the ECGD - concerned with providing short term guarantees of payment to UK exporters - is seeking to come to grips with modern commercial realities.

His job is one which up till now has been carried on in a state of relative obscurity, but is now increasingly perceived as vital for a department under relentless pressure from government to perform more satisfactorily. On a day-to-day basis Foxall is charged with masterminding the changing culture of an institution - making it function less as a government department and more as a dynamic, forward-looking business.

The almost constant public debate over its future to which ECGD has been subjected in recent years was sparked off originally by the developing country debt crisis which forced ECGD to meet large claims on medium-term export credits for debt-ridden developing countries. That has always been the most conspicuous side of its problems; in practice it is only a small part of the story.

It masked another unpleasant *fact - that* short-term export guarantee business, which makes up 80 per cent of ECGD turnover - has been falling. Two years ago when Foxall arrived at the Cardiff Comprehensive Group, morale was low, financial results were poor and exporters were *complaining that* it was out of touch with the market.

Short-term business, ranging *from the insurance of chemicals* to chocolate and machinery components, may be less glamorous than project lending to *developing countries, but both* Foxall and Malcolm Stephens, newly-installed chief executive of ECGD, see it as vital to the *battle over the department's future.*

More and more British exports are short term; more and *more are going to other* developed countries. ECGD has to stay with this business and develop it profitably if it is going *to justify its continued existence* to Ministers.

But in today's competitive world, where the private sector *insurance market centred on* Lloyds is ready to snap up any business neglected by the ECGD, that means running a *government department as if it* were a business in its own right.

Suddenly, marketing and market share become important *considerations. ECGD has to* sell its services actively, even to exporters who, up till now, have not even been aware of the need for export insurance.

Under Foxall a quiet revolution has been taking place in Cardiff. From the outset ECGD wanted to avoid the mistake of making promises to customers that would later prove impossible to fulfill. Privately ECGD officials point to British Rail's Network SouthEast initiative as an example of this; they are scathing about what they see as BR seeking to enhance its image with brightly painted trains before taking serious action to enhance the actual service.

Instead, behind the scenes, there has been a major change of culture and direction. Only now that it is beginning to pay off is ECGD willing to start to market its new-found strengths in public.

Gone from the comfortable modern floors of the block it shares in Cardiff with the Welsh Office are the old-fashioned civil service structures which encourage officials to operate in a discreet vacuum. Unusually for a civil servant, Foxall says he has even "abolished policy" because it tended to emphasise what the ECGD could *not* do. "We are trying to get to a situation where we think about what we *can* do," he says.

Foxall has instituted a business plan for the division and created a board that reflects its *different activities so* that senior staff can see the work they do as relating to the division as a whole.

Even so the business *of providing* short-term guarantees for exports is complicated and unwieldy. The Comprehensive Group has around 8,000 customers which lodge some 139,000 credit limit applications for their foreign buyers a year. Often *these buyers will be* previously unknown to ECGD, but in almost every case the requirement is for a speedy decision on the *credit limit that can be* applied so that the UK exporter can secure the business and, in turn, ECGD its premium income.

As part of its effort to expand, ECGD has been developing new products. It has started to tailor-make *policies for larger customers* to suit their specific needs and geographical mix of business. It has begun offering what it calls "commitment cover", ensuring that insurance will be available *for a specific* period ahead so that exporters can plan their production schedules and purchasing. It has been looking at *new instruments* such as offering guarantees on individual bank letters of credit.

Ultimately, *however*, Foxall believes that success depends on being able to deliver the product to the customer. That means accessibility *and speedy* response to enquiries. This in turn implies an ability to assess and price insurance risk quickly. *It is here that, with the help* of considerable investment in modern computer technology, developments have been most dramatic.

Over the past year the ECGD has developed a system of risk analysis that has allowed it to *turn round 41 per cent of enquiries* from customers within a space of 24 hours. Previously this was achieved with only 18 *per cent of enquiries. By late* next year ECGD expects to process 75 per cent of enquiries on a same-day basis. This will allow staff more time to concentrate on more difficult and complicated applications.

"Not every buyer is a high risk. The majority are low risk. We *asked ourselves whether* we shouldn't try and redesign the underwriting process to respect that," says Mervin Bossom, head of underwriting at Cardiff. Under the new system of examining risk characteristics - such as the industrial sector a buyer is involved in and the general economic outlook for a given country - ECGD no longer needs to examine each buyer's record individually or to rely on the quality of credit control applied by the UK exporter (though this is still a *factor which is taken into* account).

"We now feel we can underwrite more rapidly, *sometimes with less information* than we had formerly asked for," says Foxall.

The new system is already beginning to show results. After years of decline, *short-term* business guaranteed by ECGD began to turn up in June and July. For the whole of 1987 ECGD is forecasting an increase for the first time since 1984.

Yet it will still take time before the development can clearly be described as a success. A main worry of exporters in the past has been political risk; *this* is becoming less and less relevant as they turn to OECD markets. Many still need to be convinced that *other risks - such as* bankruptcy of an individual buyer - are also ones which merit expenditure on insurance.

Because of the time taken to negotiate claims and recoveries it will also be years before the ECGD can begin to measure the *true profitability* of its new style underwriting. It is a short-cut process which Foxall himself admits could lay the organisation open to the risk of losses. Yet it is also being carefully monitored and so far the speedier decisions obtained under the new system have deviated little from the decisions reached by traditional analysis.

In the short run the main test will be to see whether the new system allows ECGD to increase the volume of its business. If it can manage to do so while keeping costs under rigorous control, the department as a whole will be strengthened in its effort to justify its performance to Ministers.

That in turn would help lay to rest some of the questions about its long term future. But success could also raise new questions. The ECGD's Comprehensive Group is already losing much of the character and culture of a government department. If eventually it proves it can stand on its own feet financially and commercially, the new question might be whether it needs to be an arm of government at all.

Comparative costs

The newer the building the higher the upkeep

BY PAUL CHEESERIGHT

HERE IS A shock for finance managers. That prestige modern office block in the City of London may contain a time bomb of exploding occupational costs.

This is not a question of rent and rates, the first of which has been exploding anyway, but of the humdrum charges for maintenance, energy, cleaning, security and so on.

On the basis of research carried out by Savills, the chartered surveyors, it will at least be worth asking some searching questions about occupational charges at the same time as negotiating rental levels, if a move is contemplated.

Savills conducted a survey of 5m square feet of City office property - around 10 per cent of the office stock - spread across buildings of different age and size. The result has destroyed any notion that big is necessarily beautiful or that new is cheaper than old.

"The broad findings are totally contrary to many previously held beliefs," Savills says.

Savills' findings split into three broad sections:

- Age - the cost of maintaining a building constructed between 1980 and 1985 at an average £8.33 a square foot was nearly three times higher than the cost of maintaining one built before 1970;
- Height - the cost of looking after a building of more than 20 storeys worked out on an average per square foot at more than double the charge for one of less than 10 storeys;
- Size - maintenance charges move up evenly on a square footage basis the larger the building, so that over 150,000 square feet they are over double those for a building smaller than 50,000 square feet.

Energy and air conditioning costs are clearly important factors in these findings. Energy costs obviously increase as buildings become larger, but they go up significantly in taller buildings because the buildings are more sensitive to climatic change. They attract heat in the summer and lose it through curtain cladding in the winter, so that at both extremes the air conditioning/heating has to work harder and hence uses up more energy.

Virtually all the larger buildings are air-conditioned and when they are tall, more energy-producing plant is needed. While less than half of the pre-1970s buildings have air conditioning, all built after 1970 have it and the plant has become progressively more specialist to maintain.

The greater specialisation *also applies to more general* repairs. With larger and taller buildings the exterior fabric becomes more inaccessible. *Beyond that, Savills notes that* "specialist materials and finishes used in modern buildings cost more to repair, maintain and eventually replace. Traditional tradesmen are not equipped to carry out this type of maintenance and repair".

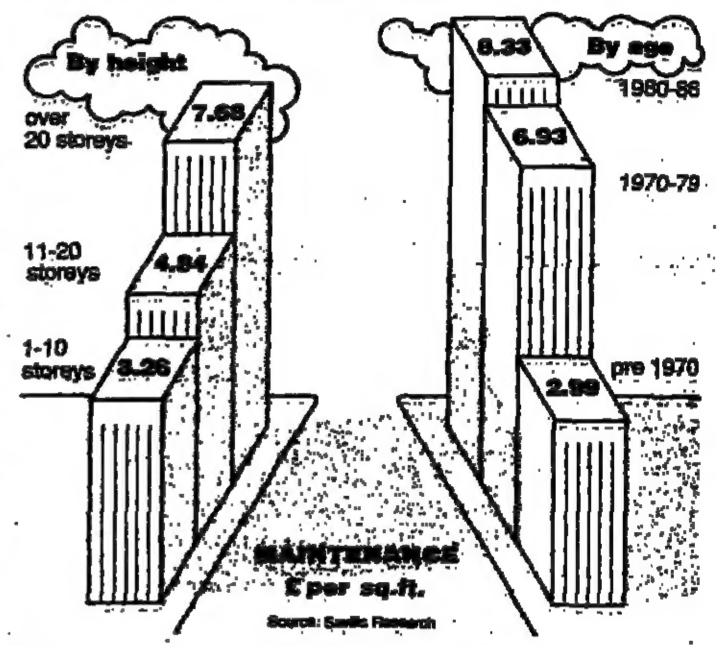
Developers often quote a cost of between £3 and £3.50 a square foot for maintenance charges but Savills *asserts* that its research showed a doubling of this figure after three or four years in a new building.

The corporate world is clearly not going to collapse over questions of maintenance charges. At the end of the day, says Nick Lahey Bean, who carried out the research at Savills, the question is not "can buildings be run more cheaply?" but "do the occupants recognise the running costs and are they getting the best value for their money?"

Answers to that question are likely to impinge on the relationship of landlord and tenant at the time of rent reviews. If occupants *find their running* costs are higher than they anticipated or were given to understand they would be, then *they are likely to be less ready* to concede major rent rises.

In today's fevered market, where occupiers are chasing space and central City rents are being quoted at up to £60 a square foot, maintenance costs will not be a major factor in rent negotiations. But that could change as more offices become available and the supply-demand balance finds *some equilibrium.*

Certainly the whole question of maintenance costs raises *questions of budgetary controls. The Savills research* prompts the necessity for a check on domestic property management to see that the building is being run at the highest level of efficiency.



UK NEWS

Arthur Smith looks at the transformation in work practices and attitudes at one of Coventry's car assembly plants

Ryton's new driving force steers it back on the road to success

IT TAKES Satu Kotecha just under 90 seconds to put 20 spot welds on a Peugeot 309 as it passes his station on a car assembly track.

He performs the same task 1,236 times a week—some 24,720 spot welds made in a constant pattern with monotonous precision. Such relentless consistency ensures the quality behind one of the industrial success stories of recent years.

The Ryton car assembly plant, a massive complex sprawling alongside the A45 motorway out of Coventry, was part of the Chrysler UK operation acquired for a nominal $1 in 1979 by Peugeot of France. Its token value reflected the history of bad labour relations and the reputation of the militant Coventry car workers.

Now, under chief executive Mr Geoffrey Whalen—personnel director of Leyland Cars in the 1970s when it had 120,000 manual workers — Ryton is claiming new quality and productivity records. The latest phase of a £50m investment to introduce new models is nearing completion. Employees are being trained to work on the Peugeot 405 which goes into

BEHIND THE SCENES

production within the next few weeks ready for a January launch.

The new car should mean the introduction of a night shift at Ryton for the first time for more than a decade and push production volumes back to the boom days of the 1960s when it was Hillman Minx, Singers and Sunbeam Alpines that rolled down the tracks.

The big difference is the number of workers and the labour practices involved. In the 1960s Ryton had jobs for more than 4,000. The factory has climbed back from a low point of little morethan 1,000 workers to the present 2,000. The reintroduction of the night shift should create another 600 jobs.

For Satu Kotecha, the dramatic upheavals of recent years have meant little to his basic job—a spot weld is a spot weld. But the production cycle now requires only a fifth of the 100 spot welds required on the old Alpine saloon.

"I was getting so fed up and so tired," he says. He has also moved from a long assembly line in a far corner of the body shop to join a team of 14 workers welding bits that cannot be handled by "Buck 2," a new machine that clamps together the roof and side body panels.

As the shell of the car still in the raw metal — "the body in white" emerges from the complicated machinery of the Buck along the track towards Satu, he and his colleague opposite move forward to perform the familiar welding cycle.

Satu *insists he does not* get bored. But what does he think about as he goes remorselessly through the routine? "My wife and children and their children," he says.

Life on the assembly track *came as a shock to Satu*, an East African Asian who was expelled from Tanzania in 1973 leaving behind his money and his haulage business. He maintains the cameraderie at Ryton more than compensates for doing a manual job. "I shall be 50 in three weeks and I shall bring in a cake so we can all celebrate. Everyone is so kind to me."

The tedium of the job is broken by the banter on the tracks, Satu says. His name is scrawled in large letters on a pillar near his work station. "It makes no difference. They all call me Jimmy. It was started by the women because I am small and laugh a lot."

Satu knows when he leaves his house early in the morning the only thing that will be as predictable as the work he will do is the pattern of the day. The blare of a hooter not only signals the trundling of the track, the screech of machinery *and the hammering and sparks* but also the consequent welcome silence.

Alan Harper

Satu Koecha: work at the Peugeot-Talbot factory is a bright spot in his day.

From 7.30 am, when the 300 workers brace themselves as the cavernous body shop begins to echo to the clang of metal and machinery, the times to look forward to are in everyone's mind: 9.30 (a 10 minute break); 11.00 (13 minutes); 12.30 (30 minutes); 2.00 (12 minutes); 3.00 (10 minutes).

But it's the 4.30 pm hooter, the rush to the car park and the *traffic jams home that bring* the most welcome silence. "I must be getting old," says Satu, "but as soon as I get home I have to tell my 17-year-old to switch down his stereo. I don't think my family realise just how noisy it is in a factory all day.

For Satu and many others, security among the noise and the very scale of the body plant seems to be sought not just in the predictability of the job but in the reassurance of familiar workmates.

Workers tend to take their breaks alongside their own section of the track, spurning the purpose-built eating areas equipped with food dispensers and micro-waves. It had long been the practice for chairs to be "acquired" from various parts of the complex to form makeshift facilities alongside upturned boxes and old cushions. The company has now acknowledged the requirement and provides plastic tables and chairs.

Steve Ross, 27, had been asking for a transfer from his job for nearly 10 years. He welds the roof: three spots at the back, one on top and then the seam weld. But after a recent move to the trim assembly line he was quickly asking to come back. "It's not like over here. The chaps were all different. It was too quiet."

Another man, told by the doctor he would have to transfer as the glare from sparks was damaging his eyesight, volunteered to wear a special visor so he could remain with his mates of many years.

The point is underlined by Bob Curry and Tommy Clish who have worked together for 16 years. The job has moved around the body plant but remains the same—amid a shower of sparks they grind down the rough edges where the roof joins the windscreen.

Bob is a keen fisherman and the section where he works is adorned with skilfully drawn coloured pictures of fish covering the walls of the whole area. "No, I don't sell the pictures," says Bob. "They just brighten up the place."

When the 4.30 hooter sounds Bob and Tommy often head for the silence of the river bank —away from Coventry, the motor car city where in the booming post-war years the *earnings* were *among the* highest in the land.

The present basic wage of around 146 a week might have seen the Ryton men slide down the national pay league. But at least they have the security of a job in a city still coming to terms with large-scale unemployment.

Peugeot Talbot forecasts profit next year after sales surge

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PEUGEOT TALBOT, the UK subsidiary of the French car group, is thought to be looking for a significant profit next year, after more than a decade of heavy losses.

Good August sales continued this year's upward trend and the company is projecting increased market penetration with sustainable profitability.

Peugeot Talbot's market share fell to 4 per cent two years ago, but the 309 model, launched in 1986, helped push sales to about 5.6 per cent last month.

The 405 model will go into production at the Ryton factory near Coventry next month, ready for launch in January. It is a medium saloon and will compete in the important fleet market against the Ford Sierra, Vauxhall Cavalier and Austin Rover Montego.

Peugeot is seeking a market share of more than 5.5 per cent for 1988 as a whole but aims to be hitting 7 per cent by the final month of the year.

The sales performance of the 405 will be crucial to the timing next year of the planned introduction of night shift working at Ryton for the first time for more than a decade.

Up to 600 jobs could be created and the plant could move from its present output of little more than 1,200 cars a week close to its existing capacity level of 2,500.

The benefit of improving UK *sales is likely to be reflected* in the Peugeot Talbot results for the first half of this year due to be announced later this *month.*

Performance for the full year, however, is likely to do *little more than break even,* as the second half will carry the costs for pre-launch of the 405 and the decision announced last week to close the Coventry operation making car kits for Iran.

The last 50 jobs are to go at the Stoke engine plant, Coventry, where 2,500 workers were once employed on the automotive industry's biggest export contract worth £130m a year.

The contract has been subject to repeated disruption in recent years caused by Iran's inability to obtain foreign ex*change because of the war with* Iraq and political and economic problems.

Peugeot Talbot blamed the collapse of its business with Iran for the increase in its net losses to £14.9m last year fol*lowing a £12.8m deficit in 1985.*

The company showed a profit in 1983 for the first time in more than 10 years, but that was a particularly good year for the Iran contract which accounted for more than 20 *per cent of turnover.*

Peugeot, the French parent, must hope that the UK operation has at last been turned round, with rising sales compensating for the loss of the once profitable Iran contract.

The French cars group acquired the heavy lossmaking UK operations from Chrysler, of the US, for a nominal $1 in 1977.

Denial over Scots electricity plan

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR MALCOLM RIFKIND, the Scottish Secretary, yesterday denied that he was put under pressure by Whitehall to appoint a London-based rather than a Scottish financial institution to advise him on the privatisation of the two Scottish electricity boards.

Last month Mr Rifkind named a joint team consisting of Barclays de Zoete Wedd and the British Linen Bank—the merchant banking offshoot of the Bank of Scotland — as advisers on the privatisation of the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board. The team is to be headed by Sir Martin Jacomb, chairman of BZW, but based in Scotland.

The appointment provoked strong criticism from some Scottish financiers. Professor Jack Shaw, executive director of Scottish Financial Enterprise, asked for a meeting with Mr Rifkind to express his concern.

Yesterday Mr Rifkind told Prof Shaw in a letter that he too "was disappointed that it did not prove possible to appoint a Scottish financial institution outright as the sole adviser."

But he categorically refuted any suggestion that Scottish institutions were not permitted to compete on equal terms for the business. "There is absolutely no truth in the speculation that we might have been subjected to pressure from Whitehall to appoint a London-based institution."

The choice had been made on the basis of "those who impressed us most and were best able to offer the range of expertise that we required."

Prof. Shaw is to have a meeting with Mr Ian Lang, the Scottish Industry Minister, who will explain in more detail the basis on which the decision was taken.

MSC chief welcomes fall in Welsh unemployment

BY ANTHONY MORETON, WELSH CORRESPONDENT

THE FALL in unemployment over the past year has been a most encouraging feature of the *Welsh economy, Sir Melvyn* Rosser, chairman of the Manpower Services Commission for Wales, said in Cardiff yesterday.

Presenting the annual report of what he described as "the largest quango operating in the principality; we have a budget of £150m," Sir Melvyn detected a degree of hope in the trend.

"The problem remains as great as ever, and while the drop in unemployment is encouraging there must still be concern about those without work, particularly the long-term unemployed."

The number of schemes, such as Restart, the Job Training Scheme, Job Clubs, the Community Programme, the Enterprise Allowance Scheme, and Training for Enterprise, were all coming to grips with the issue.

Sir Melvyn found encourage*ment in the number of people* that MSC had placed in jobs over the past year. This had risen to 97,100, the highest total since the recession began in 1979.

Sir Melvyn drew attention to another difficult area, the retraining of adults, where 20,000 men and women had been assisted during the year with new occupations, the highest figure for 10 years.

"This is a controversial area, but there *is undoubtedly an ex*tensive need for training for the over 25s," he said.

"Retraining adults is very difficult because the disciplines needed are not always easy to master the longer it becomes after people have left school."

Thatcher begins visit to Scotland

By Our Scottish Correspondent

MRS THATCHER today begins a visit to Scotland aimed principally at listening to the opinions of Scots at a delicate time in Scottish politics.

The Conservatives suffered a severe setback in the general election in Scotland, losing 11 of 21 seats. Labour, which won 50 of the 72 Scottish seats, is mounting a campaign for the creation of a national assembly.

Details of Mrs Thatcher's visit are secret but she is expected to visit deprived areas and see companies and institutions involved in advanced technology. She will give a series of receptions and dinners for a cross-section of people.

Last week the Scottish Conservative Party unveiled a sweeping reorganisation aimed at making it a more powerful electoral force.

Mr John MacKay, a former Scottish Office minister who lost his seat in the election, takes the new post of chief executive and the party is to become financially independent of Central Office in London.

Titanium plant cuts 30 jobs

A FURTHER 30 job losses were announced at Deesside Titanium, the only manufacturer of titanium granules in the UK.

Management at the plant blames a continued slump in world demand. The £25m plant was opened in 1982 with the promise of 380 jobs.

Rolls Royce owns 82.5 per cent of Deesside Titanium and IMI Titanium the remainder.

SDP and Liberals 'must agree on key policies'

BY PETER RIDDELL, POLITICAL EDITOR, IN PORTSMOUTH

THE SOCIAL Democratic and Liberal parties will have to reach agreement on certain key policy approaches such as the retention of British nuclear weapons if a merger is to go through, Mr Robert Maclennan, the SDP's new party leader, made clear yesterday.

In his keynote speech to the SDP's conference in Portsmouth, Mr Maclennan sought to reassure his divided party that he would press a specific social democratic viewpoint in the talks with the Liberals, which are expected to start next month.

Both sides believe it should be possible to reach agreement without too much difficulty on the constitution and a general statement of principles for the new party, but senior Liberals and some Social Democrats are concerned about going too far into policy issues which should be decided after a merger, and which could prove divisive beforehand.

However, Mr Maclennan drew a distinction between detailed policies and a broad policy stance and said it was necessary to agree the latter before any merger. Otherwise the new party would face the same problems and "lack of clarity" as the previous SDP/Liberal Alliance.

He later made clear to a meeting of SDP candidates that such questions of policy stance, including defence, should not be left to the future but had to be decided during the talks to establish the identity of the new party. This, he said, would make it clear whether the new party would be one in which Social Democrats could feel at home.

Mr Maclennan said in his conference speech that such a policy stance would cover the belief that "competitive markets most often make the best provision of the goods, services and jobs which our people need and want."

He also stressed that the country's defence requires not only a commitment but a collective strategy with Nato and also retention of a nuclear element in Britain's defence capability. He said that these points added up to the party's distinctive policy stance – "on that basis we can negotiate in good faith."

He criticised the Alliance's election manifesto for having obscure priorities and a blurred focus and said that on key subjects the initial

David Steel: welcomed SDP leader's speech

stance and the subsequent substance of any new party must be clear.

He mentioned energy policy and the compromise on civil nuclear power, a sensitive issue for him since the Dunreay nuclear reactor is in his Highland constituency. This reference irritated some Liberals who believe that such detailed points should not be the subject of negotiations.

In general, however, his speech was welcomed. Mr David Steel, the Liberal leader, described it as "constructive" and said that the SDP's vote on Monday to back merger talks had "set the scene for the new united party."

Mr Maclennan attempted in his speech to heal some of the wounds of the past two-and-a-half months by arguing that the merger issue was still open and urged both supporters and opponents not to prejudice the outcome.

Mr Maclennan is not a natural and fluent orator, but his speech was well received by Social Democrats who are sympathetic with his predicament as a conciliator after suddenly taking over the leadership from Dr David Owen.

The anti-merger group was generally quiet yesterday after its rebuffs so far in this conference. Dr Owen repeated in media interviews his determination to stay outside any new party and said that he was sure his continuing Social Democratic group could be self-sufficient.

Any decision on a split is likely to be delayed until after the outcome of the merger talks after Christmas. The major potential backer, Mr David Sainsbury, the finance director of the Sainsbury supermarket group, has already made it clear that he wants to see the outcome of any decisive ballot early next year to see whether any separate group is viable.

Dr Owen played down Mr Maclennan's unity appeal, saying the party was clearly "very divided."

There is some sensitivity over the relationship between any new party and Dr Owen's group. Mr Roy Jenkins, the former party leader, said on Monday that he hoped Dr Owen and the two other MP opponents of merger would not be opposed in their constituencies by the new party. However, yesterday, Mr Des Wilson, the Liberal Party president, said that what happened in these seats would depend on the attitude and behaviour of Dr Owen and his allies.

In general senior Liberals are keen to see his group crushed by opposing it in any elections.

The problems of the SDP over the next few months, until the merger decisions are taken, were underlined yesterday when Mr Bill Rodgers, chairman of the SDP's finance committee, announced that cuts were necessary at its headquarters to ensure financial stability.

He said that the party had to take precautions in view of the possibility of a drop in membership subscriptions and support over the coming months and the need to put £70,000 in a reserve for emergency contingencies. Consequently, the headquarters staff – already down from 50 during the election – is being cut from its present 35 to around 25.

The desire of other parties to exploit the SDP's difficulties was underlined last night at a packed meeting of the Fabian Society in Portsmouth. Mr Austin Mitchell, the society's chairman and independent-minded Labour backbencher, appealed to Social Democrats to rejoin Labour. He said that Labour had now rediscovered itself and presented the same face as in the 1960s. He received a sympathetic but sceptical reception.

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Maclennan pledge on merger talks

LIBERALS and Social Democrats should not take a merger between their parties for granted, Mr Robert Maclennan told the SDP conference yesterday in his first speech as party leader.

Dr David Owen, his predecessor as leader, led a prolonged standing ovation in a packed hall at the end of the speech,

Reports by Tom Lynch and Ralph Atkins

in which Mr Maclennan indicated that he would insist on clear policies over the issues of nuclear weapons and the economy as part of any merger deal.

He assured both "enthusiasts for union who underrate the task" and those "whose deep pessimism seems at the very least premature" that the party would not "cast aside the achievements of six hard years without ever considering what may emerge from the negotiations."

He promised to enter negotiations with the Liberals in good faith and to give his honest opinion of any package which emerged from the talks. "If the time is right for union, you will know it — and so will I."

However, he made clear his insistence that policy issues had to be confronted, singling out civil nuclear power as a problem area—the SDP supports nuclear power stations, the Liberals are opposed.

Mr Maclennan, whose Caithness and Sunderland constituency includes the Dounreay fast breeder reactor, told the conference: "On a subject of such importance—both to the economy and to our environment—the initial stance and thus the subsequent substance of any new party must be clear."

Robert Maclennan during his address yesterday.

Appealing for unity and calm after the weeks of open warfare within the party between factions supporting and opposing a merger, he reflected the anger of a large number of SDP members about being "bounced" into discussing a merger by Mr David Steel, the Liberal leader, immediately after the Alliance disappointment in the general election.

"What was unwisely unleashed in the moments of exhaustion and distress which followed the June election was not a debate—it was a feverish, wrangling menace to the very unity upon which our entire credibility so crucially depends."

Mr Maclennan acknowledged that the membership ballot on whether to enter merger talks might have been mistimed, but postponing it "would not have curbed the damaging extravagances of the zealots in our midst."

He said the "bout of missummer madness" within the SDP had "put at risk the hope of seeing social democratic ideas put to work in the next British government. Today, the raging must stop. Realism starts here."

Mr Maclennan told delegates: "I intend to lead a united party." He hoped that the merger talks would succeed, but stated that, whatever the outcome "the principles and passions of social democracy are going to continue.

"They are going to remain on offer to the British electorate. The form of that offer must remain unclear until the SDP votes on the final package. But I am left in no doubt of the force of that offer.

"I do not intend to lead any member of this party towards a leap into a limbo. I intend to seek a determined stride forward for social democracy."

● Mr Steel, the Liberal leader, last night welcomed the constructive tone of Mr Maclennan's speech and said the debates at the conference had set the scene for a new united party.

"I very much hope that the Liberal Assembly will respond warmly in two weeks' time," he said.

He hoped that the teams chosen by the two parties to negotiate a merger would meet with one purpose and not as "two horse-trading teams on opposite sides."

Party put on 'care and maintenance basis'

The SDP has been "put on a care and maintenance basis" until its future has been decided, Mr Bill Rodgers, the chairman of the party's finance committee, told the conference.

He said the June-to-September period was always a flat time for party income, a situation made worse this year by the aftermath of the general election and uncertainty over the SDP's future.

The party is thought to face a shortfall in income of about £250,000 this year, and voluntary redundancies are already being sought to cut the number of full-time staff at the party's Westminster headquarters in Cowley Street from 35 to 25.

The SDP does not face the problem of post-election debt and party officials believe that, given economies and redundancies, the machinery can tick over on donations and subscriptions from its 58,000 members until a final decision is taken on whether to merge with the Liberals.

Mr Rodgers told the conference: "We must avoid cashflow problems during this period and set ourselves clear objectives until the Council for Social Democracy and the membership make the final decision on the future of the party."

His committee had a responsibility "to keep the party in good shape, without debt, so that it can be handed over to its heirs—whether the SDP or a new party—in good shape."

He said that the party would have set a substantial sum aside as a reserve against any possible need to dispose of the lease on Cowley Street.

However, no increase in the cost of subscriptions was proposed because that might put a further obstacle in the way of new or renewed membership at a time when it was very hard to recruit people to the party.

The conference approved the proposal to keep the annual subscription steady at £10 for 1988, but rejected the advice of Sir Leslie Murphy, one of the party's trustees, by endorsing a reduced pro rata subscription for couples.

Sir Leslie said the party did not have the staff or the ability to set up the computer software to implement the new rate, but the proposal was passed by 88 votes to 78 amid clear signs of annoyance among delegates that an identical decision by last year's conference in Harrogate had not been implemented.

Tightening of control over guns explored

THE SDP leadership agreed to explore ways of tightening control of guns in the wake of the Hungerford massacre.

A motion proposing measures including psychiatric reports on applicants for gun licences and confining the availability of guns and ammunition to registered premises, was remitted to the party's policy committee on the understanding that it would produce its own proposals.

Moving the motion, Mr Mike Slaven (Greenwich) said it was intended to stop people gathering arsenals such as that owned by Michael Ryan, the Hungerford killer.

There was wide opposition to the terms of the motion from several delegates, who argued that it would put too many restrictions on those who enjoyed the sport of shooting.

Peter Riddell on the constitutional hurdles facing a merged party

Agonising towards a new Alliance

A NEW merged Alliance party, comprising virtually all the Liberal Party and a majority of the SDP, will probably be launched next spring, but it is not yet a certainty. The negotiations are more than a formality as Mr Robert Maclennan made clear in his "honest broker" leader's speech yesterday.

Of course, a breakdown of the talks would be a disaster for both parties after the bitter public rows of the past 10 weeks.

It is hard to see the SDP sitting down for another annual conference next autumn. The possibility of an independent Social Democratic group led by Dr Owen has also concentrated minds.

The negotiations will not start until October after the Liberal Assembly in Harrogate when the merger issue will be debated at length. The main question will be the new constitution and a statement of principles.

The two parties have different structures. The SDP is often characterised as the more centralised and the Liberals the more decentralised and federal.

In detail, the main issues are:

● Membership. The SDP (with 58,000 members) has a central membership register for the purpose of holding one person, one vote ballots on elections of the leader and constitutional changes. It is also used for fund-raising. Payments are made centrally.

The Liberals (just over 80,000 members) have local recruitment by constituencies, though the leadership would anyway shortly have pressed for a national register which will be adopted for the new party.

● Local units. The SDP has area parties grouping a number of constituencies with limited independence, while the Liberals have largely autonomous constituency associations.

● Policymaking. The SDP has a Council for Social Democracy consisting of 450 to 500 area party representatives. This council considers proposals from the policy committee consisting of MPs and some members of its national committee. Policy has to be approved both by the council, or by the policy committee. In the case of deadlock there is a ballot of members.

For the Liberals, almost any local member can attend its annual assembly if he or she wishes. The assembly is sovereign but the policy committee makes detailed proposals subject to the veto of the party leader.

● Central organisation. The SDP has a national committee elected mainly from the Council for Social Democracy, while the Liberal national executive, with smaller SDP representation, is separate from the policy committee.

● Leader. The SDP's leader has to be nominated by at least 15 per cent of MPs with a postal ballot of all members if there is a contest. A candidate for Liberal leader has to be nominated by five MPs, or a fifth of the parliamentary party, whichever is less, with elections by secret ballot in local constituencies with all members entitled to vote.

● Regions. The SDP has regional councils but they only consider policy with no decision-making role. The Liberals have separate, self-funded Scottish and Welsh parties and a network of regional organisers.

The resolution approved by the SDP on Monday referred to national membership lists, a representative assembly and one member, one vote elections. This will be acceptable for the Liberals. Indeed many Liberal leaders had been eager to follow these aspects of the SDP constitution and they have always preferred its practice of making policy by documents, considered at length and which can be amended in detail, rather than by resolutions at the annual assembly.

There may be difficulties across, as much as between the parties, over whether the representative council or assembly should be sovereign on policy or whether the party leader or MPs should have a veto. The Liberals are united in wanting a decentralised and federal structure with distinct Scottish and Welsh parties and many Social Democrats agree.

There may be some disagreement over the rights of affiliated bodies like the youth sections and councillors and whether they should have separate voting rights, or whether members should have the choice of exercising their votes in one of these bodies or in a constituency party.

Neither side expects much difficulty in agreeing a statement of general principles. The issue is about how detailed this should be. Many involved do not believe that specific policy commitments should be included since this should be a matter for the new party.

However, Mr Robert Maclennan made clear yesterday that he believed the policy stance, as opposed to detailed proposals, should be clear from the start. He mentioned energy policy, and particularly civil nuclear power, which has divided the parties in the past.

There is room for confusion and disagreement here and also on the question of how far the new party should oppose the existing three MPs on the probable independent Social Democratic group and any candidates it should put up.

The odds must nevertheless be that a new party, probably called the Alliance, will be formed after much agonising this autumn and winter. It is not so much a question of mutual good will as mutual necessity.

Monopolies Commission poised for major internal changes

BY DAVID CHURCHILL

THE MONOPOLIES and Mergers Commission faces its first major internal change for a decade when Mr Sydney Lipworth, deputy chairman of the Allied Dunbar group, takes over next January as the new commission chairman.

Mr Lipworth, 56, replaces Sir Godfray Le Quesne, who has been chairman since 1975, at a time when the commission is under intense public scrutiny. An internal Whitehall inquiry into the Government's competition policy, which includes the workings of the commission, is expected to complete its work early next year.

It may call for changes in the way in which the commission operates to meet the demands made from the employers' organisation, the Confederation of British Industry, and others for the commission to act faster when deciding whether or not corporate mergers should be given the go ahead.

The Government's insistence that the commission take only three months – instead of the usual six months – to investigate the proposed merger between British Airways and British Caledonian may indicate that a speeding up of the commission's processes may already be underway. Mr Lipworth, who has been a part-time member of the commission since 1981, said yesterday that the commission "had already streamlined its operations over the past year." He added: "we are always conscious of changing conditions in the business world, but we are also aware of our statutory duty to carry out investigations in a certain way."

He did not foresee any radical changes in the commission's operations under his chairmanship, but stressed the importance of "maintaining the balance between the speed of our investigations and fairness to all concerned."

Mr Lipworth, who was born and educated in South Africa, has been one of the leading figures in the insurance world for the past two decades.

He has been a close associate of Sir Mark Weinberg, chairman of Allied Dunbar, since they worked together at Abbey Life before building up Hambro Life which subsequently became Allied Dunbar.

Mr Lipworth is also a director of BAT industries, which owns Allied Dunbar, and is a non-executive director of J Rothschild Holdings.

He intends to relinquish these directorships when he takes over as chairman of the commission. Although his appointment is from the beginning of January next year, his business commitments mean that he will not become the full-time chairman until April 1988.

Mr Lipworth said that he considered the position as chairman of the commission "an important step in my career." He added that he had greatly enjoyed his work in the insurance world over the past few decades.

Men and Matters, Page 20

Offshore workers may earn £24,600

BY PHILIP BASSETT, LABOUR EDITOR

NORTH SEA offshore oil workers may be receiving up to £24,600 annually, according to a survey of pay packages for such employees carried out by a trade union trying to recruit them into membership.

Unionisation among offshore oil workers is not high, unions acknowledge, there being some penetration by the TGWU transport union and most by the white-collar ASTMS.

But inter-union competition may be set to sharpen soon with a new recruitment push among such employees by the EETPU electricians' union.

OFFSHORE OIL WORKERS' PAY

	Basic salary	Offshore allowance	Estimated complete pay package
Conoco	£16,400	£7,900	£24,600
Marathon	15,400	6,358	24,300
Occidental	13,500	4,950	24,300
Mobil	13,600	8,850	23,600
BP	17,100	5,900	23,300
Phillips	12,700	6,500	22,800
Shell	13,800	7,350	22,000
Britoil	12,200	7,400	21,600
Chevron	13,300	6,950	20,900
Total Oil	11,800	8,400	20,200

Source: EETPU survey

As part of its new drive, the EETPU has carried out a survey of offshore pay although it accepts that the primary reason for joining and staying in a union for such workers may not be salary levels, but in the wake of the change in world oil prices, issues affecting job security.

But the unions argue there is no substitute for such employees for trade unions to protect their interests with the multinational oil companies.

In its survey, compiled by Mr Bod Eadie, an EETPU area official in the north-east of England, the union says that it suspects that "it is a matter of deliberate policy that the companies have devised salary structures that make comparison extremely difficult." Elements such as travel allowances and pension contributions vary widely between companies.

Looking at basic salaries and offshore allowances for an operator technician in the first quarter of 1987, the union compiled figures as listed in the table although it emphasises strongly that the pay picture for such employees is changing constantly and quickly.

Some companies, such as Total, link their rates to the retail prices index, according to the union's survey, although it says in most cases wage rates have exceeded inflation.

The union has also drawn up figures for a "league table" of total pay packages, trying to take into account such elements as travel allowances, pension contribution arrangements, holiday schemes, accommodation allowances, health insurance and free company share issues.

Under this account, Conoco heads the list, as the table illustrates.

The union says: "Our study does show some surprising differences and a larger spread of earnings than many people would have expected."

Wright memoirs given exposure 'as protest'

AN EXTRACT from Spycatcher, the memoirs of Mr Peter Wright, the former MI5 officer, was read out at the conference yesterday by Mr James Osborne, from Bristol, and broadcast live on BBC television.

Shortly after he started, Mr Osborne was ruled out of order by Mrs Shirley Williams, SDP president.

Mr Osborne said his action was in protest at the Government's attempt to prevent publication of the book in the UK and abroad. He

The conference unanimously passed a motion condemning the steps taken by the Government to ban the book as "a dangerous infringement of the freedom, of the press."

Ms Julia Neuberger, for the SDP national committee, said the ban was intolerable and the Government was questioning the maturity of the public.

Delegates defer moves on safety responsibility

THE CONFERENCE stopped short of approving a proposal to make company directors personally liable in law for the safety of their employees

Moving a motion in reaction to the Zeebrugge ferry disaster, Ms Anna Hodgetts (Sussex) said companies were prevented by the law on auditing from being sloppy with money, but there was no parallel law to ensure they paid attention to safety. "The laws care more about money than they do about people."

However, Mr Roy Evans, for the policy committee, successfully appealed for the motion to be remitted. He said the problem was related to unbridled competition and the committee wished to consider the issue as part of its wider review of economic policy.

He said the law currently allowed actions for negligence against companies and their employees, including directors.

Free market economic ideas win approval

SOCIAL DEMOCRATIC policy in the 1990s could place greater emphasis on free market economics and competition to tackle social and economic problems, it emerged from policy debates yesterday.

In discussing policies to take into the next decade, several delegates argued that private sector funds could prove essential for the success of economic and social policy.

These debates, based on discussion papers prepared by prominent SDP members, covered education, poverty, social services, the economy, trade unions and local government.

There was substantial support for radical policies that would break away from the traditional ideas about the social market and harness competition to improve the quality and efficiency of public services.

Mr Robert Skidelsky, author of an introductory report, said unemployment could not be solved simply by expanding demand—the SDP had to recognise the importance of the supply side.

In a speech ahead of today's debate on the social market economy, he said it would be wrong to concentrate on incomes policies alone. Instead the emphasis should be on making markets work by removing obstacles such as shortages of skilled labour.

Mr Skidelsky, a founder member of the SDP and biographer of the economist, John Maynard Keynes, said social services could become an increasingly heavy burden on government resources in the 1990s unless more private funds were injected.

Mr Roger Liddle, the unsuccessful SDP candidate in the Fulham by-election in April last year, however, said there were large costs as well as benefits from free market economics.

He said, for example, capital markets in the City pay "fat rewards" to some but failed to provide adequate funds for industry.

"They do not actually ensure that Britain has the research and development and the long-term commitment to investment which we need in this country," he said.

Mr Liddle argued that an incomes policy was still probably necessary but supply side economics could only work if there was also a sustained expansion in demand. He urged delegates to temper their commitment to market economics.

In a debate on education, delegates gave wide support for the inclusion in a discussion document of a proposal for education vouchers.

Ms Anne Sofer, the author of the document, said: "We have dismissed too lightly in the past the whole theory of vouchers because it has always been proposed by the radical right who combine it with an inbuilt system of privilege for those who already have money or have able children."

Mr Paul Rossi (Lambeth), a former member of the Inner London Education Authority, said the poor had no comeback against schools disrupted by strikes or which taught peace studies or barred the police.

He described the voucher proposal as exciting—parents and pupils would choose the school, rather than the school choosing the pupils. Successful schools would prosper and expand; unsuccessful schools would decline and ultimately close.

However, the plan was condemned by a number of speakers, most strongly by Mr John Gordon (Sandwell). He said the money available for education should be spent on schools and books, not on voucher schemes which were costly to administer.

"I didn't join the SDP to campaign for similar policies to the Tories. I am not going to appear on the doorstep in 1991 to say to people we have got a voucher system like the Tories but it is more humane."

Ms Flo Lucas (Liverpool) said vouchers created uncertainty for schools and councils, which did not know from year to year how much money or how many pupils they would have. Unpopular schools would become sink schools and selection for good schools would depend on parents being able to afford to live near them—neither development should be supported by the SDP.

Mr Danny Finkelstein, under 26 representative on the national committee, argued that there was scope for the public and private sectors to work in partnership to alleviate poverty.

In a debate endorsing an SDP programme of action against poverty he said there was no contradiction between a market economy and equality.

"We understand issues of competitiveness and compassion," he said.

The poverty debate — which condemned as "morally unacceptable" the large numbers of hungry, homeless and deprived—covered the redistribution of wealth and the widening of share ownership. Some speakers claimed these had a direct link with the problems of deprivation.

Lord Kilmarnock, the SDP Chief Whip in the House of Lords, presented a discussion document arguing the case for a Citizens' Unit Trust to help redistribute wealth. The trust would take over the ownership of public sector enterprises and pay dividends to employees and the public.

This plan, which received support from several floor speakers, was dismissed as irrelevant by Professor Richard Layard, a founder member of the SDP and an architect of its economic policy.

He maintained that the only cause of poverty was a shortage of jobs. "The first thing we must do is to fight unemployment," he said.

There was also discussion about the future of contract compliance—where private companies working for the public sector are obliged to give equal opportunities to members of minority ethnic groups and to women. A bill to outlaw these restrictions is expected to be introduced by the Government in the next parliamentary session.

However Ms Sue Slipman, of the national committee, argued that it could help to tackle employment by redistributing training opportunities to those out of work.

UK NEWS

Lloyd's groups 'lack cover for future losses'

BY NICK BUNKER

A SIGNIFICANT number of insurance syndicates at Lloyd's of London still appear to be under-reserved against future claims, according to Chatset, an independent research house.

The principal worry is that non-marine syndicates lack adequate cover against losses arising from US liability insurance, the source of some of the market's biggest disasters this decade.

This is in spite of trading results for 1984—the last year for which Lloyd's syndicates have so far closed their accounts—showing that the market as a whole made a profit before tax and underwriting agents' commissions of £295m, up from £179m for 1983, according to Chatset.

The best results were in aviation and marine insurance, while in motor insurance—where premium rates fell in the early to mid-1980s—only 10 out of 43 syndicates made a profit.

Overall, results for 1985 will be "better still," and 1986 should be a "vintage year" for Lloyd's because of steep rises in premium rates and relatively few natural catastrophies, Chatset said.

Chatset's annual Lloyd's League Tables, published yesterday, show that the market's 102 non-marine syndicates — with total premium income capacity of about £1.47bn—cut their total pre-tax losses from £81m in 1983 to £12m in 1984.

Chatset found, however, that more and more non-marine syndicates have been buying complex reinsurance arrangements, known as "time and distance" policies, as a way of making reserves.

In effect these policies allow syndicates to take credit in advance in accounts for investment income they would normally expect to receive only over a number of year.

Chatset's figures show that seven out of 10 of the biggest Lloyd's non-marine syndicates have now bought policies like these to cover them against losses arising from years up to 1984.

Chatset—which has strongly criticised the use of time and distance policies—said it was inconceivable that syndicates would buy them if they were over-reserved. "We do not believe that syndicates are over-reserved. Rather, some syndicates are under-reserved," it said.

In addition, 1984 showed extremely poor results from some non-marine syndicates caught by claims arising from professional indemnity or truck drivers' liability insurance in the US. The worst figures were from syndicate number 553, whose underwriter Mr Cyril Warrilow resigned earlier this year, which lost £15.2m, or 54 per cent of its net premiums. Drawn from results for 426 Lloyd's syndicates, the Chatset tables show that aviation insurance was the market's biggest money-earner in 1984, with profits averaging 15 per cent of premiums.

This was partly because in 1984—"the best aviation year the market has experienced for a decade," according to Chatset —Lloyd's underwriters had to pay out on eight jet airline losses only, compared with 28 in 1983. Only two out of 46 syndicates declared a loss.

Lloyd's League Tables, 1984. Chatset, Bridge House, 181 Queen Victoria Street, London EC4V 4DD. £30.00.

James Buxton on a project that would create 4,000 Scottish jobs

Hospital plan causes ill-feelings

A *FEW* days ago Mr Campbell Christie, general secretary of the Scottish Trades Union Congress, sent a long letter to Mr Malcolm Rifkind, Scottish Secretary, in which he said unions did not want a project which would create 4,000 jobs in an area with 17 per cent unemployment.

This is one of the astonishing developments in a row that has been raging for the past few weeks over what the Scottish Development Agency considers the most important inward investment project for many years.

Two surgeons from Harvard Medical School, Dr Raphael Levey and Dr Angelo Eraklis, want to establish a large hospital run on US lines at Clydebank, an industrial zone on the outskirts of Glasgow. It would provide specialist treatment and surgery for patients from countries with inadequate medical facilities in or close to Europe — such as Spain, Italy, Turkey, Egypt and Morocco.

The hospital would have 260 intensive-care beds, plus a further 200 beds in the "step-down" facility for patients recovering from operations. There would be a medical school and a 200-room hotel for patients' relatives. The hospital would employ about 1,800 people, including 80 consultants and 600 nurses. The total investment would be about $200m (£123m).

Dr Levey and Dr Eraklis have been trying to find a home for their project for eight years, *pursuing it out of what appears* to be genuine philanthropy combined with an appreciation of a business opportunity. They *have* chosen Scotland, they say, partly because of the quality of its medical infrastructure.

The Clydebank location has special attractions, because

Malcolm Rifkind: decision expected within weeks.

until 191 it is designated an *enterprise zone, which means* that investors obtain 100 per cent tax relief on profits for expenditure on buildings. Dr Levey acknowledges that this helps to make the project viable, but says that if this were the only criterian for location *he could have gone to the* enterprise zone in London's Docklands. Other government financial assistance is under negotiation.

Once the project obtains the official go-ahead he and Dr Eraklis would sell their company, Health Care International (HCI) to a Californian venture capital company, Montgomery Medical Ventures, which will put up the equity *for* the scheme.

Their faith in Scotland has been shaken, however, by the extent of the criticism and the sometimes venomous comments that their company, Health Care International, has aroused, and *they fear that their investors* could become discouraged.

Labour MPs, many left wing local politicians, the Scottish TUC and health service unions all oppose the scheme. The *Greater Glasgow Health Board* has asked for more time to consider it ,though the deadline for comments set by Mr Rifkind, who has to give it his approval, passed 10 days ago.

The critics' basic objection is that the project will damage the National Health Service. They say it will lure doctors and nurses away from the NHS, not by offering higher wages — HCI has promised to keep to NHS pay rates for nurses — but by providing better facilities than the state. Professor John Cash, director of the Scottish National Blood Transfusion Service, has said that the hospital will place excessive strain on blood supplies.

The project has run into many Scots' deep-seated disapproval of private medicine and their lingering distaste for jobs in services rather than manufacturing. HCI is seen proposing to acquire "wealth from ill-health" by treating the "super-rich."

To confront the critics the Scottish Development Agency, which attracted HCI to Scotland through the Locate in Scotland bureau, commissioned a study of the project's impact from Coopers & Lybrand. This showed that HCI would create a total of 4,000 jobs, including the 1,800 people directly employed at the hospital. It *concluded that there should be* no problem in recruiting doctors, who might find the project an escape from promotion logjams *in the NHS and an* alternative to going to work abroad.

The study was more cautious on the question of recruitment of nurses: it believed that most of HCI's needs could be met, partly from the ranks of nurses who now seek jobs abroad. The only potentially difficult area would be finding the 60-65 specialist nurses required without straining the NHS. But it concluded that most difficulties could be overcome through co-operation between HCI and the NHS.

Dr Levey quotes a separate study which HCI ordered from Ernst and Whinney, the accountants, which confirmed the existence of a large market for an American hospital that *charged less than half the rates* of a hospital in the US. Indeed HCI envisages the Clydebank hospital achieving its capacity *of 7,500 patients a year in its* first year.

Dr Levey says many countries lack the facilities to treat patients with serious illnesses. The patients are ordinary people—not the super-rich. "There are not enough complicated cases among the super-rich to make this sort of hospital viable," he says.

To assuage HCI's critics, Dr Levey and Dr Eraklis have said the hospital will only take Scot*tish patients if they are* referred by their health boards.

Dr Levey says that the criti*cism has made him and his* partner "feel bad at the human level, because we thought that we could have a good working relationship with these people." But HCI, he says, will await the Scottish Secretary's decision, expected within weeks. Mr Rifkind can either accept or reject the scheme, or order an impartial inquiry. If he *is* satisfied with the project's feasibility he will presumably be loath to let it slip through Scotland's fingers.

Nurse training plan rejected

BY DAVID BRINDLE

HEALTH SERVICE managers say they cannot support plans being considered by the Government for radical change in the training of nurses.

The Institute of Health Service Management says the plans, known as Project 2000 and drawn up by the UK Central Council for Nursing, Midwifery and Health Visiting, fail to address fully the "crisis" in nursing manpower.

The institute warns: "There is the real possibility that in the future, hospital closures will take place not because of shortage of money but because nurses cannot be found to staff the wards."

A sharp fall in the number of school-leavers is expected to leave nursing short of 3,000 recruits a year by 1995. If Project 2000 is implemented including a cut in the workload of student nurses, the shortfall could be 16,000 or half the required annual intake.

Project 2000 would end the existing two-year training for *enrolled nurse status and intro*duce a three-year programme for all student nurses.

The institute says in its evidence to the Government published today, that it supports the thinking behind Project 2000. But it says the assumptions made by the UKCC and by Price Waterhouse, its consultants, are "very uncertain" and leave too little margin for error.

Further, the institute maintains that the plans fail to deal adequately with the role of the proposed nurse "helper" and with issues of skill mix and general manpower supply.

The institute says "Great care should be taken that the implementation of Project 2000 does not devalue the very considerable contribution which enrolled nurses have made and continue to make to the NHS.

This would be particularly unfortunate given the relatively high proportion of enrolled nurses who come from the ethnic minorities."

Workwear maker opens warehouse

BY ALICE RAWSTHORN

ALEXANDRA WORKWEAR, one of the largest manufacturers of occupational clothing in the UK, is completing the final stage of a £1.7m capital expenditure programme by opening a warehousing and distribution centre in the West Country.

Early last year Alexandre opened a £1.6m factory outside Glasgow. The group's production has since increased by 40 per cent.

It now needs to expand distribution facilities to cope with the increased output.

The warehouse will increase Alexandra's distribution facilities by 70 per cent. The building, which is leased, should cost about £100,000 to open. It is adjacent to the group's existing warehouse on the outskirts of Bristol.

Alexandra expects production from the Scottish factory to increase further next year as it develops new markets in the UK and Europe. Mr John Prior, chief executive, says it has equipped the new warehouse to accommodate that growth.

Once regarded as one of the dowdiest areas of the clothing industry, workwear has enjoyed a revival in recent years.

The new emphasis on marketing within the service sector has encouraged companies to adopt workwear as part of corporate identity programmes. Within the manufacturing sector many companies are jettisoning traditional overalls in favour of smarter clothing.

Moreover, the financial services revolution has created a new source of customers among banks and building societies, and the new financial conglomerates in the City of London.

Electronic components recovery 'to continue'

BY DAVID THOMAS

THE RECOVERY in the demand for electronic components looks likely to continue into the next year, according to latest forecasts by the Association of Franchised Distributors of Electronic Components.

The association represents both distributors which have formal contractual links with electronic component manufacturers and some of the manufacturers themselves.

It is forecasting growth in the UK electronic component market of 9 per cent to £1.58bn this year, after a decline of about 5 per cent last year. The association believes the market will grow by a further 11 per cent in 1988 to £1.75bn.

Semiconductors are the most dynamic part of the market, according to the association. It is predicting semiconductor sales up 9.9 per cent this year, after falling 8 per cent last year. Semiconductor prices have increased in the last six months, the association says, after a long period of price cutting.

UK ELECTRONICS COMPONENTS
Sales forecasts £m

	1987	1988
Semiconductors	921	1,031
Passives	263	293
Electromechanical	393	422
Total	1,577	1,746

Source: Afdec

Within the semiconductor category, demand for integrated circuits is particularly buoyant, with a forecast of a 11.6 per cent this year. Sales of opto-electronic components will be up 15.4 per cent this year, although from a low base.

The smaller market for electromechanical components is forecast to grow by 5.9 per cent this year and for passive components by 7.6 per cent.

The association says the recovery in demand is mainly due to an increase in investment by UK industry. Most of the components sold by the association's members go into capital, rather than consumer, goods.

It also believes that the cycles in demand for electronic components are becoming less dramatic, mainly because of greater stability in the computer market, although it adds fluctuations in interest and exchange rates.

The association's figures, which it intends to update quarterly, also point to a gradual increase in the share of *the market taken by distributors*, as opposed to direct sales by manufacturers. It is predicting that distributors will take 31.3 per cent of the market next year, compared with 30.9 per cent this year and 29.4 per cent in 1985.

Electronic Component Forecasts and quarterly updates AFDEC, Owles Hall, Owles Lane, Buntingford, Herts, SG9 9PL. £225 plus VAT.

British Midland leases Boeings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Midland Airways, the independent airline which competes with British Airways on scheduled routes between Heathrow and Glasgow, Edinburg and Belfast, is leasing six Boeing 737-300 twin-engined short-to-medium range jet air liners.

Mr Michael Bishop, chairman, said yesterday the move followed sustained growth on its main domestic trunk routes during 1987 amounting to about 16 per cent over 1986.

The aircraft would enable the airline not only to compete on domestic routes with BA—which uses the bigger Boeing 757 twin-engined jet on its Shuttle services compared with British Midland's McDonnell Douglas DC-9s—but also with other airlines on short-haul European international routes, such as Amsterdam.

The first two 737s will join British Midland this November, with another two being delivered in early 1989 and the remaining two in 1990, with options for earlier deliveries if required.

The aircraft are being leased from Ansett World Wide Aviation Services of Australia, for short-to-medium term periods, with eventual options to buy. The purchase price of six new 737-300s would be about $150m (£92m). Each aircraft will seat up to 136 passengers.

British Midland chose the 737-300s against competition from McDonnell Douglas MD-83s and MD-87s because of better seat-mile costs and because with 136 seats the 737-300 fitted the airline's route pattern more efficiently.

Mr Bishop said that by modernising its fleet, British Midland was ensuring that it would be in a position to exploit any new opportunities for route expansion in the event of the proposed merger between British Airways and British Caledonian Airways being approved by the Government.

Further bail in Guinness case

FINANCIAL TIMES REPORTER

MR ERNEST SAUNDERS, former Guinness chairman, was further remanded at Bow Street magistrates' court yesterday on £500,000 bail accused of attempting to pervert the course of justice and destroying and falsifying documents.

Sir David Hopkin, Chief Metropolitan Magistrate, ordered at the last hearing that Mr Saunders, who has been living in Switzerland, was to appear yesterday.

Mr Saunders was further remanded on bail until November 3 on the same conditions.

Mr Simon Spense, counsel for Mr Saunders, said he was content with the remand date set by magistrate Mr Ronald Bartle but was concerned about the time taken over his client's case which first came to court on May 7.

Mr Saunders was arrested after returning voluntarily to Britain from Switzerland to give evidence in the Department of Trade investigation of the Guinness takeover of Distillers.

Mr Tiny Rowland and a family friend, Mr Herbert Heinzel, a cake manufacturer, have each put up £250,000 sureties for Mr Saunders.

The alleged offences are said to have occurred between December 1 1986 and January 30 1987.

● The Department of Trade and Industry yesterday refused to comment on suggestions that it was considering giving Mr Ivan Boesky, the disgraced Wall Street financier, immunity from prosecution in return for evidence about the Guinness affair, writes Hugo Dixon.

The DTI's inquiry into Guinness was launched late last year following a tip-off from the American authorities investigating Mr Boesky for insider trading.

It is understood that the DTI will not give immunity without first discussing the matter with the Crown Prosecution Service and the fraud squad, which is pursuing its own parallel investigation into the affair. Given the case's high profile, ministers would probably also be consulted.

Managers buy out BR advertising subsidiary

By David Waller

BRITISH TRANSPORT Advertising, formerly British Rail's poster advertising subsidiary, has been bought by eight of its managers at a price believed to be about £50m.

Mr Gordon Sykes, head of the management consortium and BTA finance director since 1973, said yesterday that BTA was now "free from statutory constraints" and ready to expand into new markets.

BTA's role after its creation by an act of parliament in 1961 was to sell poster advertising on behalf of the UK's nationalised industries. Prohibited by law from undertaking business for the private sector, it is only now that it will be able to compete directly with other similar companies, which include More O'Ferrall, Mills and Allen and Prime Site.

BTA accounts for some 10 per cent of the UK's poster advertising market with an annual turnover of approximately £20m, of which more than half comes from managing British Rail's poster sites. A contract has been drawn up with its former parent guaranteeing this business for the next five years.

The most famour of the BR posters is a life-size model of a Jumbo Jet at Waterloo station, advertising Virgin Atlantic. There are a further 10,000 roadside sites, and 15,000 on the sides of buses.

British Rail and the National Bus Company used to own BTA jointly and first sought means of disposing of it two years ago.

Early this year BR became sole owner and put the company out to tender. Mr Sykes said the management consortium won the day only after fierce competition from five other bids.

Financial details of the disposal have not been disclosed at the insistence of the British Railways Board. The management consortium was advised by Midland Montagu, which took a minority stake in the new company.

Radiation risk limits 'too low'

RESEARCH into the effects of radiation on workers in the nuclear industry and elsewhere suggests that internationally accepted safety standards underestimate the risk of radiation-induced cancer by about a factor of five, Friends of the Earth, the environmental pressure group, said yesterday.

The group launched a campaign for a substantial tightening of standards, ahead of the meeting next week in Italy of the International Commission on Radiological Protection. The commission's recommendations are accepted by many governments.

The group plans to present to the meeting a petition

NHS audits contracted out

BY RICHARD WATERS, ACCOUNTANCY CORRESPONDENT

THE AUDITS of 50 National Health Service authorities have been contracted out as part of the continuing drive to introduce private-sector disciplines into public-sector bodies.

The audits, the first NHS assignments of this nature to be handed out, represent about 15 per cent of the total 334 authorities. Private-sector firms already audit 30 per cent of local authorities, as well as all nationalised industries, electricity boards and water authorities.

The private-sector auditors appointed to the NHS are intended to act as catalysts in improving financial management, says the DHSS. Extending the audits beyond 15 per cent of authorities was ruled out as too expensive.

Mr Tony Newton, the Health Minister, said yesterday: "An injection of experience and expertise from outside the public sector into the statutory audit of the NHS can help us in ensuring value for money."

The audits of central government departments remain the province of the National Audit Office. Observers do not expect these to pass to the private sector. In a novel tender, the DHSS parcelled the 50 NHS audits into five blocks and invited 17 audit firms to tender for them. Those allocated a block are Price Waterhouse, Coopers & Lybrand, Ernst & Whinney, Touche Ross and Hodgson Impey.

All but Hodgson number among Britain's so-called Big Eight, which has come to dominate the public sector and large corporate audit and management consultancy market in recent years.

The allocation follows afive-year experiment in which nine auditors handled a total of 19 audits.

Those taking part in the experiment but left out in the current allocation are Neville Russell, Armitage & Norton, Robson Rhodes, Dearden Farrow, Binder Hamlyn and Deloitte Haskins & Sells. Delitte is the only Big Eight firm among these.

Crime body seeks industry aid

BY JOHN HUNT

BUSINESS and industry, including insurance companies, will be expected to take a strong role in the new national organisation for crime prevention which was announced yesterday by Mr Douglas Hurd, the Home Secretary.

He has asked Mr Steven Norris, a former Conservative MP for Oxford East, and Mr David Birley, a Home Office crime prevention consultant, to report to him by the end of November with proposals for establishing the organisation.

Mr Norris said it was intended that the organisation would build on the experience gained by the 35,000 existing neighbourhood watch schemes.

But he also envisaged that business and industry would play a major part and might be asked to fund part of the scheme. He pointed out that business, which suffered from break-ins, vandalism and pilfering, had a direct interest in community efforts to reduce crime.

He felt that this was particularly true of the insurance industry which usually had to pick up the tab

The initiative is the result of the commitment in the Conservative Party's general election manifesto to build on the support of the public by establishing a national organisation to promote the best practices in local crime prevention.

Mr Norris, 42, a businessman, was MP for Oxford East from 1983 until the general election. He is a former member of Berkshire County Council and West Berkshire Health Authority.

Mr Birley, 32, has been a consultant in the Crime Prevention Unit at the Home Office since 1985.

Steven Norris: preparing report for Home Secretary.

Council agrees to talks on Royal Docks

By Dina Medland

NEGOTIATIONS on the development of the Royal Docks have begun between Newham London borough and the London Docklands Development Corporation following a change of attitude by the local authority.

Newham previously had reservations about the corporation's development proposals for the docks, which are in the borough. It feared they would be incompatible with local interests.

Further negotiations following redevelopment proposals made by Rosehaugh Stanhope in July appear to have stilled some of the council's concern.

The Labour-controlled borough said the Conservative victory in the general election had also prompted it to reconsider its position. The council said: "The LDDC is moving in and there seems little point in lobbing shells at it. We may as well sit round a table and try to achieve community benefits."

A draft agreement is believed to have been issued, and Newham council is to consider it later this week.

Monopolies report on beer supply trade 'on schedule'

BY LISA WOOD

THE MONOPOLIES and Mergers Commission does not intend to issue an interim report on its two-year investigation into the British brewing industry.

The Department of Trade and Industry said the commission was still taking evidence on whether there was a monopoly situation in the supply of beer and was on schedule to make its report in August 1988.

Some City analysts have been forecasting the likelihood of an interim report which would say whether a "complex" monopoly existed in the industry.

A "complex" monopoly exists where a single business has a total monopoly of supply that cannot be challenged and there is no alternative product. In the context of the brewing industry the commission, for example, will be looking to see whether the industry acts together or has similar practices which restrict competition.

If the commission decides there is a "complex" monopoly which acts against the public interest, individual brewers will be given the opportunity to respond.

Kleinwort Grieveson, the stockbroker, summarises the possible courses of action that could be recommended by the commission.

The eight-page report said it did not believe the commission would end the "tied" house system whereby most British brewers own their own public houses through which they sell most of their beer.

Areas that might receive close attention, according to the report, include swapping public houses to avoid local monopolies by a brewer and the introduction of guest beers.

Receiver at Welsh gears manufacturer

MR ROBERT ELLIS, partner in Touche Ross, has been appointed administrative receiver of Moss Gears and Transmissions, chartered accountants, South Wales based gear and propshaft members.

Early move possible on Channel 4

By Raymond Snoddy

INDEPENDENCE FOR Channel 4, Britain's fourth national television channel, could come as early as January 1990 if the Government decides on radical change.

The ITV companies have tended to assume that the present structure will not *change before January 1 1993*, when a three-year extension to existing ITV franchises runs out.

The Government believes, however, that a restructuring of Channel 4 is technically possible before the franchise extension comes into effect.

The ITV companies are due to be offered new contracts next April but the Government believes it would be possible to effect the final content of those contracts with a comprehensive broadcasting bill expected to be introduced into parliament in the autumn of 1988.

At the moment Channel 4 is a subsidiary of the Independent Broadcasting Authority, and the ITV companies sell its advertising air time in return for financing the channel with an annual subscription.

Last year the Peacock Committee, which examined the financing of British broadcasting, recommended that Channel 4 should be free to sell its own *air time to increase competition* in British commercial television and try to halt the rising cost of airtime.

Outside privatisation for Channel 4 is clearly an option but separate selling of airtime under the aegis of the IBA is more likely. The Government has yet, however, to make up its mind on a package of possibilities which include the future of Channel 4 and a form of tendering for ITV franchises next time around.

Any Government plan to change the structure of Channel 4 by 1990 would cause anger throughout ITV. The implication so far has been that although the companies will be given new contracts for the three-year extension, the changes to the terms would be minor.

In July Mr Edmund Dell, the out-going chairman of Channel 4, in a letter to the Financial Times called on the Government to establish Channel 4 as a separate broadcasting authority to prepare it for independence.

Mr Dell also questioned whether there was any need to wait until January 1 1993 before giving Channel 4 full independence.

Life and unit trust body seeks SRO status

By Our Financial Staff

THE Life Assurance and Unit Trust Regulatory Association yesterday applied formally to the Securities and Investments Board to be recognised as one of the financial services industry's watchdog bodies.

Lautro is seeking to become a self-regulatory organisation to police life assurance companies and unit trust management groups. It is the last such body to submit its application to the SIB.

The move means Lautro has finished writing the draft conduct of business rules which it will require its members to follow.

The SIB said it had received copies of the rulebook, which Lautro plans to publish within the next two weeks.

Nick Garnett looks at the survival of the greatly-reduced machine tool making industry in a West Yorkshire Pennine town

Halifax tooling up to face an optimistic but uncertain future

TOM BURDEN, services director at Butler Newall, a manufacturer of large, customised milling and grinding machines, reflects on a couple of decades of life among the once proud but now shrunken collection of Halifax machine tool makers.

"The Halifax machine tool industry suffered like so many other things in Britain because of the influence of the finance man in these companies. When the going was god and these companies were making money, those guys would say: 'Eh, why rock the boat and spend money on the factory.' Then when things were not so god they would say: 'Eh, we can't afford to spend any money.'"

Butler Newall is one of eight or so machine tool builders in and around the West Yorkshire Pennine town which have survived the sad and long trail *of closures and receiverships*.

Since the worst traumas of the past decade are over, those companies are trying to make a living in a slightly less hostile environment. However, the strains of doing so are only too visible.

Cited as a classic example of how slices of British manufacturing went into near-terminal decline through the shock of a thousand self-inflicted wounds, Halifax machine tool making demonstrated so much that was bad.

A dearth of marketing sense and an almost pathological disinterest in Europe were part of the Halifax scene. So, too, was a failure to fork out cash on leaking roofs and dirty shopfloors and a habit of missing the boat when technology moved forward.

When large companies took over most of the family businesses in the 1950s and 1960s and shoddy investment got shoddier, observers said Halifax was a microcosm of the dead corporate hand in British manufacturing. The recent recession and the speed at which domestic demand disappeared at the turn of the decade was almost too much to bear.

Halifax has certainly survived as a machine tool town, but those companies that kept the wolf from the door and are still shaping metal carry the scars of neglect and pain. The picture is hopeful but continues to be worrying.

The companies which have survived speak of much less insularity, better marketing, some profit-making and a good deal of optimism, at least for the next couple of years.

Mr Frank Berry, head of the Binns and Berry family business which employs 60 people making lathes, says: "We have a longer order book than we have had for five years."

Mr Geoff Meadowcroft, sales director at Crawford-Swift, a small maker of very large lathes, says: "We have hedged our bets in such a way that we have to be optimistic."

Opportunities sometimes open for machine tool companies. Much depends on how they react.

But all this is mixed with the legacy of tired and tatty buildings and some dreadfully dated production equipment, rarely seen in the West German or Swiss machine tool industries. Hardly any company is proud of its factories.

Profits remain marginal for a number of companies and a strong sense of fragility is still evident. Some manufacturers know that they have shrunk so much that another severe recession might push them over the brink. Half of the companies are shadows of what they once were.

One, perhaps surprising, development has been the emergence of a healthy substrain, the manufacture of small training lathes and machining centres used in colleges and by apprentices. Denford, in nearby Brighouse, and Boxford with a turnover together of about £8.5m are making reasonable profits producing such machines. Both are expecting to increase turnover significantly in the next year.

Halifax as a machine tool centre was overtaken by Coventry some time in the 1940s and in terms of sales is much smaller than Leicester, which currently has the largest machine tool sector in the UK.

To put Halifax in perspective, the combined turnover of about £30m for machine tool building in the town is smaller than the expected full-year turnover from the factory Yamazaki of Japan has opened in Worcester.

The Halifax industrial museum records the start-up of 303 engineering companies in and around the town in the past 130 years of which 27 remain. Some of the losses have been in machine tool making.

In the 1960s and 1970s companies that shut included Wilson, and Oldfield and Schofield while Warner and Swasey and Churchill-Redman closed down in Halifax and went elsewhere.

Since 1980, Stirk has gone out of business, a much slimmed-down Asquith has been purchased by its managers from the Staveley group which has extracted itself from machine tool building and Brooke Tool put both Boxford and Broadbent into receivership. The last two were purchased by small groups of businessmen, the former with the assistance of the West Yorkshire Enterprise Board.

Butler Newall, part of the B. Elliott group is the biggest machine tool company in Halifax. Half its £16m turnover comes from the Halifax operation, the rest from its plant at Keighley, a few miles away. Along with Boxford and Denford it is helping to keep Halifax's toehold on the world stage.

The company exports 90 per cent of its output and has sold its grinding machines to Volkswagen, Cadillac and Jaguar, among other vehicle builders, during the past three years. It also has a large share of the world market in blade tip grinders for turbine jet engines.

Mr Michael Dodson, chairman of Butler Newall and one of the group of new young managers in their 40s at B. Elliott, says the company almost went under in the early years of the decade. "In 1980-81 the combined Butler and Newall businesses had an £80m turnover capacity and a £2m order book. That is how bad it was."

Prospects are "quite good." After a great deal of reorganisation the company is in profit and is holding on to its market share. "But we are typical of many British manufacturing companies in that we have been in a survival position. We have had to neglect any expenditure that was not necessary for today's survival," says Mr Dodson.

"Over the past two years we have started to redress the balance but we still have a five or six-year legacy to make up. Our competitors have not been standing still."

The company is investing about £1m a year in equipment, though it is only part the way towards installing a computer-aided engineering system.

Crawford Swift and Asquith demonstrate the difficulties Halifax companies have had in sticking the course

Crawford is one company that has branched out into purpose-built machinery, such as glass-cutting equipment. A third of its turnover comes from new machine sales, the rest from the conversion and rehabilitation of second-hand machines.

Since being purchased by a group of ex-managers with the help of the County Bank in 1981, Asquith has swung from profit to loss. The owners had to bring in capital, and another shareholder in 1985 to ensure that it stayed in business as a maker of large milling, drilling and boring machines.

Marke opportunities do *sometimes open up for machine* tool companies. Much depends on how they react to them.

Mr Bill Ruddock, Asquith finance director, says: "We could bubble along as we have done in the past. Or within three years we could double our turnover."

Managers at many of the other Halifax companies would probably echo that uncertainty about the future.

SCIENCE BUDGETS

David Fishlock examines the implications of rules set out in a recent white paper

Sacred cows of research begin to feel the big stick

THE FUSS over the UK's decision to freeze spending on space research is a foretaste of many public confrontations to come as the science community adjusts to rules set out in the recent white paper on civil research and development.

The British National Space Centre may or may not have a role in the re-organised research and development structure but it is certainly not an economic high priority if industry's readiness to come to its aid is any yardstick.

Leaders of the science community have already identified other areas of "big science" that they may find themselves fighting for survival as they come to terms with the harsh economic fact that, as a nation which pays for only 5 per cent of the research being done worldwide, Britain can no longer expect to be in the forefront of every science.

Particle physics—atom smashing—and ground-based, as distinct from space-based, astronomy are two sacred cows which may have to be curtailed or even killed if their practitioners cannot do so less expensively but both have powerful lobbies which can be expected to plead eloquently in their defence.

Another high-risk area is civil research into nuclear fusion. The £21.8m which the Energy Department is spending this year on research to control nuclear fusion—the H-bomb reaction—as a new source of energy is bound to come under close scrutiny.

A report by the Government's energy research advisers gives fusion no chance of contributing to the economy in the next 40 years. They rank it among the least likely prospects in the £1bn-a-year R and D portfolio of 61 energy technologies.

As scientific research, it is respected worldwide. "What it isn't is an energy technology," says Dr John Rae, chief scientist at the Energy Department, which pays most of the nation's fusion R and D bill.

Research cows as sacred and costly as these have long learned how to fight for their particular corner—witness the fuss made by astronomers over abandoning the elegant but expensive and scientifically unsuitable Herstmonceaux observatory last year.

Professor Sir David Phillips, chairman of the Advisory Board for the Research Councils, warned of more trouble ahead when he submitted to government its report recommending wholesale changes in science. "Not surprisingly, not every member of the board supports every individual recommendation," he said.

The essence of this report is to be found in its conclusion that "there is a lack of purposeful direction, nationally, in the redeployment of university research effort, both between and within institutions."

Why things must change has been most cogently spelled out by Professor William Mitchell, chairman of the Science and Engineering Research Council, which is responsible for half the total science budget of about £600m, being spent by the five research councils in support of academic science.

In an address to the Royal Society, Professor Mitchell defined the twin pressures on science which dictate that things simply cannot continue as they are.

One is technological—the silicon chip. The other is sociological—society's demands that the expensive pastime of science shall contribute to wealth creation.

The chip, he argues, is forcing much more than an evolutionary change in what scientists of all kinds expect from their instruments. It is responsible for a step change in what can be measured—in accuracy, purity and resolution—in every branch of science.

Not only vociferous physicists but scientists of every discipline—chemists, biologists, geologists, pathologists—now demand the highly-sophisticated and expensive scientific tools being designed around the latest chips. Without them, scientists cannot hope to be at the forefront of their science. Worse still, there is no end in sight to this trend.

As for wealth creation, this pressure has always been present "but perhaps is more clearly recognised now than in the past," Prof Mitchell says. Put most simply, "there is increasing pressure on science and technology to maintain and enhance what we know as the 'quality of life.'"

What is now seen as the seminal proposal for engineering change in British science is his notion of new inter-disciplinary research centres, as conduits through which an increasing volume of research funds will be channelled into academic science. Such centres

Sir Francis Tombs (left) chairs the Advisory Council on Science and Technology, which reports to John Fairclough, the Government's chief scientific adviser.

will respond to society's pressure by focusing on "strategic" science, which Prof Mitchell defines as research applicable in the medium term—five to 10 years.

They will have no commitment to the current generation of instruments, including telescopes, accelerators and beam generators, which absorb so much of the science budget. They will be built around instruments designed to tackle a strategic research challenge that straddles the conventional boundaries of science; an inter-disciplinary challenge.

At the Cabinet Office they talk of several dozen of these inter-disciplinary research centres rejuvenating the science scene. Each will be on a university campus, with directors having the status of a department head. Good links with industry, and ideally some extra income from industry, will be an important goal.

As the research councils see them, they will have a say in appointing directors, while most of the research done by the new centres will be undertaken by visiting teams of university scientists armed with research council grants to participate in the research programme.

The Science and Engineering Research Council has already invited proposals for seven prospective inter-disciplinary research centres, including two on the electronics and power aspects of the new high-temperature ceramic superconductors.

Others are proposed for molecular science, which may hold the key to a generation of micro-electronics beyond the silicon chip; and lasers as high-speed manufacturing tools. Proposals are solicited by the end of next month.

The council says it hopes to find enough funds — say, £1m to £2m apiece — to set up three a year for the next two or three years but other research councils are also pursuing this initiative. One idea with the backing of the Medical Research Council and several pharmaceutical groups seeks a centre for research on more selective delivery of drugs, free from the side effects which cramp many uses today.

The conspicuous difference about all these new research centres is that the target rather than the tool—telescope or whatever—will be the cynosure of the research programme. They will be set up for a finite lifespan of about a decade, then abandoned, having either succeeded or failed in their mission.

'We like the restructuring but where is the lolly?' —Lord Dainton, a past president of the British Association, at the annual conference in Belfast last week

They will concentrate research in areas where at present it is too widely dispersed and too meagrely supported to compete internationally. A specific study of research in geology finds Britain's academic research is spread among 54 departments of 41 different institutions. Far from being peculiar to this sector of science, the pattern is now seen as typical of the experimental sciences in the country.

Not only the reseach councils will pick targets for the new research centres: so will the Advisory Council on Science and Technology, under the chairmanship of Sir Francis Tombs, chairman of Rolls-Royce, which by any UK standard is a research-based company with its own strong links with the academic world.

The council, in turn, will be advised by a new think-tank, the Centre for Exploitable Areas of Science and Technology, part-staffed, it is hoped, by people seconded from industry. A director and a suitable home on a university campus are being sought.

The council is a mixture of eminent academics such as Sir George Porter, Nobel prize-winning chemist and president of the Royal Society, and industrial research directors such as Dr Charles Reece of ICI and Dr Alan Rudge of British Telecom. Mrs Thatcher will sometimes take the chair, says Sir Francis.

The council reports to Mr John Fairclough, Mrs Thatcher's chief scientific adviser in the Cabinet Office, and principal architect of the attempt to re-organise science. He is an electrical engineer with an impressive track record in managing the application of science for IBM—"making money out of technology," as he says.

Neither the Cabinet Office nor the council itself yet has any extra funds to offer impoverished scientists but Sir Francis expects the council to identify and agree on those sectors of science which Britain should abandon, releasing funds for redeployment on newer, more promising targets.

Never before has British science and technology as a whole had a mechanism for deciding priorities. Those who, in the past, have dug deepest into what US scientists call the pork barrel will in future be obliged to argue their case before peers with quite different priorities.

The council's precursor, the Advisory Council for Applied Research and Development led by Sir Francis for the past two years, increasingly won the ear of the PM, he says, but she was persuaded that the only person who could unify the traditional independent control exercised by Whitehall's departments over their own R and D budgets, into a national management for science, was herself. A Ministry of Science would merely have created yet another department fighting for its own corner.

At laboratory level, most of the big problems relating to wealth creation and quality of life are inter-disciplinary, mingling physics, chemistry, biology and engineering. But in Sir Francis's experience, far from collaborating most British professors fight ferociously for their own specialities, heedless of any wider interest.

Space science is providing a good example, with energetic efforts by its proponents to whip up popular feeling for something the council is expected to rank low in national priority.

"Future launcher technology — Hotol in particular — is a vital area where our present posture leaves us without any power to influence the direction of European development," says Professor Peter Willmore, professor of space research at Birmingham University.

"Hotol is just a glamour thing — a total red herring," retorts Sir Francis, of a British space launcher concept in which Rolls-Royce, his own company is involved.

"Hotol is costing peanuts" at present and remains unaffected by the government's decision not to expand the space research budget, he says.

"What is clear is that, if we support Alvey 2 and Gibson's space programme, there is not going to be much money left for anyone else." Yet both of these research programmes, Sir Francis points out, are for the benefit of prosperous sectors of British industry.

Mrs Thatcher has already expressed her disappointment that although British companies have returned to high levels of profitability under her government, industry has not been willing to invest more of those profits in R and D.

Company Notice

MOET-HENNESSY

A French "sociétéanonyme"
Share capital of 300.936.050 French Francs
Registered office 30, avenue Hoche-75008 PARIS
Registered with the registre due commerce et des sociétés under reference PARIS B 775 670 417

The following resolutions were submitted to and adopted by the ordinary general meeting of the holders of the US$50.000.000 7% convertible bonds due 1999 of MOET-HENNESSY held, on second convocation by the Board of Directors, at 10.30 a.m. on 24th August, 1987, at the Company's Registered Office at 30, avenue Hoche-75008 PARIS.

FIRST RESOLUTION

Having heard the report of the Board of Directors and having noted the resolutions submitted to the extraordinary general meeting of the shareholders, called on 25th August, 1987, and failing to attain the required quorum, postponed until 2nd September, 1987, dealing with takeover by MOET-HENNESSY after merger with LOUIS VUITTON of the latter's obligations under the convertible bond issue launched in 1986 and the share option plan started in 1984 in favour of its own staff and of employees of its subsidiaries.

This takeover including the waiver by the shareholders of their preferential rights to subscribe to shares to be issued as and when the bonds are converted and the options exercised.

The ordinary general meeting of bondholders approves in advance, subject to their approval by the above extraordinary general meeting of shareholders, resolutions relating to the waiver by the shareholders of their preferential subscription rights in the two cases specified above.

Company Notice

GLOBAL ALPHA STRATEGY FUND SICAV
Registered in Luxembourg
R.C. b 21453
(formerly Nikko Growth Package Fund SICAV)

NOTICE
EXTRAORDINARY MEETING OF SHAREHOLDERS OF NIKKO GROWTH PACKAGE FUND

NOTICE IS HEREBY GIVEN to holders of shares in Nikko Growth Package Fund that a meeting of all shareholders of this class of shares shall be held at the registered office of the Company at 16, Boulevard Royal, Luxembourg, commencing at 11.00 hours on Friday 18th September 1987 to consider and vote upon the following agenda:

1. That the sub-fund known as Nikko Growth Package Fund be terminated, and that all assets be realised that the net proceeds after payment of all lawful debts and expenses be distributed to shareholders.
2. Any other business.

NOTICE
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF GLOBAL ALPHA STRATEGY FUND SICAV

NOTICE IS HEREBY GIVEN to holders of shares in Global Alpha Strategy Fund SICAV that a meeting of all shareholders shall be held at the registered office of the Company at 16, Boulevard Royal, Luxembourg, commencing at 11.30 hours on Friday 18th September 1987 to consider and vote upon the following agenda:

1. That Article 26 1 (a) of the statutes be amended to read "C is the Net Asset Value relating to the we fund (being an amount per share arrived at by applying the provisions of Article 26) less a charge as determined from time to time, not exceeding the maximum permitted by law."
2. Any other business.

PERSONAL PENSIONS

The Financial Times is proposing to publish this survey on

22nd October 1987

Subjects to be discussed include:

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A review of personal pension providers
- (a) Life Companies
- (b) Banks
- (c) Building Societies
- (d) Unit Trusts

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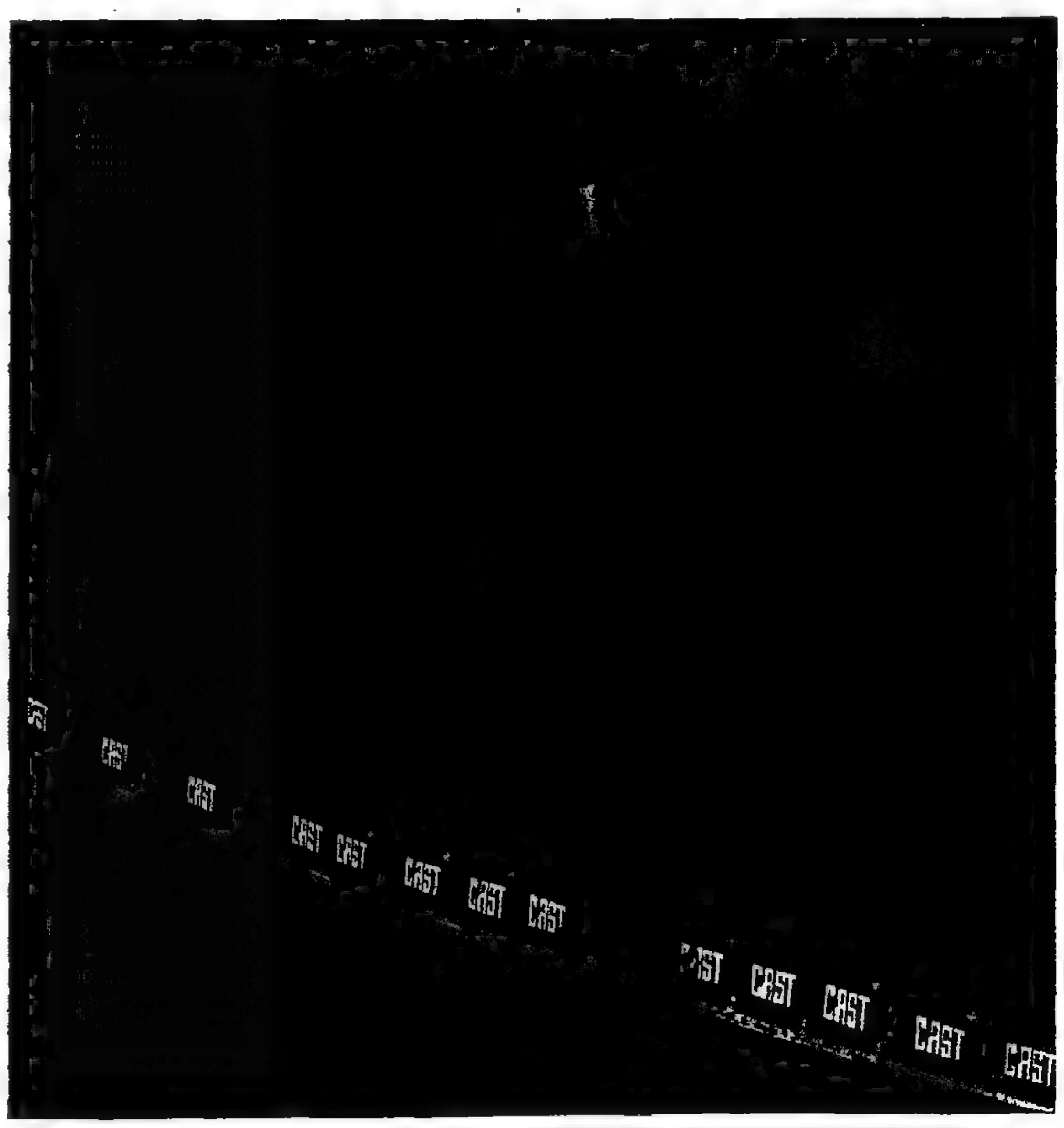

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APPOINTMENTS

Davy/Monk restructured

In October 1986, as the result of an agreed merger, MONK became a member af the Davy Group of companies, and has now been restructured into three companies. A Monk Building & Civil Engineering will consist of all the existing regional organisations, management contracting, plant and transport, and all other central service functions primarily related to the existing contratcing operations. The managing director will be Mr W. A. Lucas and other members of the board are Mr T. K. Burdett, Mr G. A. McPhie, Mr J. T. K. Redman, Mr E. J. Shields, Mr A. Tweddle, and Mr M. R. Vest. Mr Tweddle will become responsible for the Midlands and South East region and Mr Vest for the Cardiff and Exeter offices. Davy Monk Property will consist of all Davy and Monk property and land, property development and private housing. The managing director will be Mr P. E. Balmforth. Other members of the board will be: Mr G. L. Carswell, Mr J. Hickman, Mr J: A. Sankson and Mr H. Kendall. Mr Balmforth will remain chairman of Pentagon Design and Construction. Mr Sankson will remain a director of Pentagon Design and Construction, and IFS. Davy ATC will comprise the existing ATC and Monk Tunnelling activities and will include collaborative mining developments with Davy McKee (Stockton). The managing director will be Mr M. C. Clarke and other members of the board will bge Mr A. R. Collinson, Davy McKee (Stockton), Mr C. A. Tibble and Mr G. W. Tuffs. At Central Marketing and Davy-Monk Liaison Group Mr C. W. Olicver will be responsible for liaison with Davy companies and new marketing activities to be established at Warrington. He will continue as a director of Industrial Flooring Services. A. Monk and Company group board will consist of Mr M. H. Couchman as chairman and managing director of the group board and chairman and director of the individual group companies. The group board will have the following membership: Mr Balmforth, Mr Clarke. Mr J. E. Corps, Mr Lucas, Mr McPhie, Mr E. P. McTighe, Mr J. T. K. Redman, Mr E. J. Shields and Mr R. J. Withers. Mr Sankson will be secretary to the board.

★

Mr Andrew Hirst, formerly regional director of National Westminster Bank, has been appointed chairman of GARDEN ISLE FROZEN FOODS. Mr Philip Dyer, chairman since 1972, retired at the end of August.

★

Mr Paul Elster, Mr Barry Foreman and Mr Angus Hamilton have been appointed to the board of GROSVENOR SQUARE PROPERTIES DEVELOPMENTS, principal development subsidiary of Grosvenor Square Properties Group, part of Associated British Ports Holdings.

★

Mr John Plumb, managing director of Johnston Pipes, Telford, has been elected president of the CONCRETE PIPE ASSOCIATION. His first vice president is Mr John Marshall, sales director of Spun Concrete at Branston, and Mr Viv Harper, financial director of Stanton is the second vice president.

★

Mr Malcolm Edgell has been appointed to the board of DOUGLAS LLAMBIAS ASSOCIATES as an associate director. He will continue as head of the industry and commerce division.

★

Sir Douglas Wass is to become president of THE MARKET RESEARCH SOCIETY in succession to Lord Kearton. Sir Douglas, who was permanent secretary to the Treasury and joint head of the Civil Service before he retired, is chairman of Nomura International and of Equity and Law.

★

Mr Alan Dalby, who joins the Reckitt & Colman board.

Mr Alan J. Dalby has been appointed a non-executive director of RECKITT & COLMAN. He is currently president and chief executive of Cambridge NeuroScience Research, Inc, of Massachusetts, a privately held research company specialising in neurobiology. Prior to joining CNS Research in early 1987, Mr Dalby was executive vice president and a member of the board of Smith Kline Beckman responsible for world-wide pharmaceutical operations. Mr Dalby is also a director of Westmoreland Coal Co, America's oldest independent coal producer.

★

Mr David Tate has been appointed a director of BARCLAYS DE ZOETE WEDD from September 1. From the same date Mr Leslie Johnston becomes an assistant director of de Zoete & Bevan.

★

FERRANTI COMPUTER SYSTEMS has appointed Mr W. Broekhuizen as deputy managing director responsible for the Cheadle Heath and Bracknell divisions, in succession to Mr B. A. Nelan who retires in September. Mr Broekhuizen is succeeded as general manager of the Cheadle Heath division of Ferranti Computer Systems by Mr C. B. Shiel who was manager of the sonar systems department.

★

ERNST & WHINNEY has appointed Mr Richard Abramson its head of group pensions and actuarial services. He joins from Bacon & Woodrow Consulting Actuaries, where he was a partner.

★

The following subsidiary company board appointments have been made by the AUTOMOBILE ASSOCIATION: at AA Insurance Services Mr R. B. M. Hurley has become managing director and Mr G. H. Lowe a director; AA Pensions Trustees and AA Executive Pensions Trustees has made Mr R. D. Vaughan a director; AA Pension Investment Trustees has appointed Mr E. H. Garside a director; at AA Travel Services Mr M. A. Hoskins and Mr A. D. Jonhson have become directors; AA Developments has appointed Mr D. R. Thomas a director; and AA Commercial Insurance Brokers has elected Mr D. J. Hiddleston a director.

★

Mr Cor Reichgeld has been appointed managing director of McALPINE HELICOPTERS. He was marketing director of Schreiner Airways of Holland. He takes over from Mr Joe O'Neill who returns to McAlpine Aviation at Luton.

★

Mr John Rodgers, formerly sales manager at PLF COMMUNICATIONS has joined the board. Mr Rodgers' special responsibilities as director will include the control of the sales team and elements of the day-to-day running of the company.

★

Mr A. D. Stevenson, chairman of Grimsby based fish processor Seabay, has been appointed to the board of its parent SJOVIKTRAAL.

★

Mr Brian Leith has been appointed divisional director of the urban renewal division of BARRATT SCOTTISH HOLDINGS. He joined in 1981 to work as chief surveyor for Barratt Construction. Mr Leith moved to the urban renewal division in 1984 as technical director.

★

Mr G. H. Weston, chairman of Associated British Foods, states that, by mutual agreement, Mr Geoffrey R. John has retired from the board to take up the chairmanship of the MEAT AND LIVESTOCK COMMISSION. Mr John has been a director of Associated British Foods for five years, serving as chief executive of Allied Bakeries, and latterly has been responsible for certain aspects of group planning and corporate development.

CONTRACTS

Hawker Siddeley wins Malawi substation order

A £4m contract has been awarded to HAWKER SIDDELEY POWER ENGINEERING (HSPE) of Burton on the Wolds in Leicestershire, by the Electricity Supply Commission of Malawi (ESCOM). The order is for a 132 kV/11 kV substation at Nchalo and additional 132 kV feeder bays for stations at Nkula, Lilongwe and Salima. HSPE will provide design, supply, erection and commissioning services, including the civil works. Equipment being supplied for the contract by other Hawker Siddeley companies includes eight DM145 circuit breakers, 132 kV current transformers and an 11 kV switchboard suite from Brush Switchgear. Transformers will be supplied by Brush Transformers and isolators from the South Wales Switchgear range.

The substation development project will interface with two transmission lines, one being provided by Balfour Beatty Construction. The lines will run from Nkula Falls hydro generating station to Cucoma in the south and Lilongwe in the north of Malawi.

The offshore portion of the project is jointly financed by a UK Government Aid Grant and an associated ECGD supported loan facility arranged through Standard Charter Merchant Bank. The local onshore currency element is financed from ESCOM's own resources. Commissioning is scheduled to take place in 24 months.

★

Contracts totalling over £7.3m have been awarded to WALTER LAWRENCE. Among these are —three-storey flats for the elderly in Ravenscourt Avenue, London, NW11 for the Brith Housing Society; a sports hall at Aldenham School, Elstree for the Board of Governors; offices for the PSA in Peckham High Street; a new bank in Gravesend for Barclays Bank; extension and structural alterations at University College Hospital, WC1 for Bloomsbury Health Authority; refurbishment in Mount Row, W1 for Sleipner UK; sheltered accommodation in Gravesend for St James Pritchard; day centre and church hall in Twickenham for the London Borough of Richmond upon Thames and a refurbishment of Peninsula House, Monument Street in the City for a leading Japanese Bank.

For the Arrowcroft Group, Walter Lawrence will convert and extend a building, previously occupied by the Co-op in the High Street, Brentwood, Essex, to provide individual shop units. This £540,000 contract will be completed by December. Ardex UK has appointed the company to carry out a design-and-build contract at Haverhill, Suffolk. The £850,000 office building and technical services area will be used for demonstration of the company's products. Construction will be completed in March 1988.

★

WIMPEY CONSTRUCTION UK has contracts totalling some £6m. In Southampton, work has started on a retail warehouse and amenity area, for Harris Queensway in Winchester Road. The single-storey warehouse, valued at £1.42m, will have a steel frame with reinforced concrete ground beams and power-floated in-situ concrete floor slab on piled foundations. Wimpey has been appointed by Newbury Park Construction o design and build a £2.5m joinery manufacuring works, warehouse and three-storey office accommodation, including an apartment and board-room, on Medway City Estate, Frindsbury, Rochester. The 10,500 sq metres development will be built with a structural steel frame, brick-and-block cavity wall, in-situ concrete ground floors, and precast concrete upper floors on pad foundations. Work has started for completion in May 1988.

A £1.7m contract has been awarded by Glengate Holdings and Kumagai Gumi UK to construct a town centre shopping scheme in Folkestone. The fully-enclosed centre, the first in the town, will provide 6,360 sq metres of retail space on a one-acre site and will link West Terrace and The Leas with Sandgate Road, the town's main shopping area. Overall, it will include 24 shops and a restaurant and will open for trading at Whitsun 1988. The work will involve refurbishment of 81-83 Sandgate Road to provide retail accommodation, an entrance to the new enclosed centre with an office and residential flat above. The contract includes decorative tiling to the Mall floors, suspended ceilings and comprehensive mechanical and electrical installations

★

SOLID STATE? LOGIC, Oxford, has a contract worth over $2m (£1.22m) with Todd-AO/Glen Glenn for the delivery of eight SL 5000 M Series film sound production consoles between October 1987 and July 1988. The consoles will work to video, film and 2in audio in a variety of formats including mono, two-track stereo-for-video, four-track stereo and six-track stereo.

★

HAMWORTHY ENGINEERING combustion division has been awarded a turnkey management contract valued at over £2m to modernise the boiler installation in the turbo blower house at British Steel Corporation's South Ironworks at Scunthorpe.

★

A £1m contract to build an extension to increase British Aerospace's production area for Airbus wings at Chester has been awarded to REDROW CONSTRUCTION.

JOBS

How membership of the elite is maintained

BY MICHAEL DIXON

WHAT EXPLAINS the economic drubbing Japan and West Germany have given to countries such as Britain on the winning side in the 1939-45 war?

While the question is old enough for numerous people to have tried to answer it, almost all of them seem to have hadtheir particular explanation contradicted by various of the others. As far as the Jobs column can see, however, one of the exceptions to that rule is the economist Mancur Olson.

His thesis is a variation on a familiar theme. With their previous economies in ruins, the defeated countries had no choice but to re-equip themselves with structures suited to postwar conditions which, for victors as well as losers, included loss of the captive markets of empire. Where he differs from most people who have argued along those lines is on the question of what it was that the war did Germany and Japan an economic favour by ruining.

The usual answer is that it was by being forced to replace old plant and machinery with new that they gained their edgeover nations able to carry on using obsolete equipment. But Professor Olson argues that what crucially gave the defeated countries their advantage was the breaking up and replacement of their outdated "old-boy networks" - the interlinked elite groups whose interests and attitudes broadly determine what can be done by the other citizens of their society.

The failure of the professor's argument to catch on in nations like the United Kingdom is perhaps less than amazing.After all, he is seeking to pursuade the established elites that they are not the appropriate people to run the country - which cannot be far behind knocking one's head against a brick wall in the league table of self-defeating exercises.

Moreover members of the present elites in Britain, at least, can claim that they do not owe their dominant positions to nepotism. Over recent decades they have increasingly been required to qualify for entry to power-wielding careers by succeeding in the public examinations at 16- and 18-plus and at degree-level, which can supposedly be passed by anyone with sufficient wit regardless of social background.

As it happens, however, severe doubt has just been cast on that claim by research done by the UK's Office of Population Censuses and Surveys.*

A lot of previous studies have shown that many children arenever entered for any public exams in the first place. The non-entrants are mostly from families at the bottom of the socio-economic scale, and the usual explanation for their absence from the exams is that schools in poor areas are less effectivethan those in rich districts. The oft failed remedy of throwingmore money at state education has been abandoned by the Toriesfor a combination of central control over what is taught with free-market measures such as liberating successful schools toincrease their pupil numbers. It may work better; it may not.

Done well

But the Population Office's research cut the "ineffective schools" issue out of the argument. The study, made in 1985, concentrated solely on about 5,000 young people who had done well enough in the 16-plus exams to go on to take the 18-plus version and so become candidates for entry to universities or polytechnics.

The custom is for the candidates to apply for places before taking the 18-plus Advanced-level test. On the basis of their applications, references and in some cases after an interviewas well, the universities and polys then make preliminary offers of places subject to the candidates' achieving certain specified grades in the coming exam.

The Population Office found that the preliminary offers madeby the institutions showed no bias for or against candidates from any particular rank of the *Registrar-General's socio-economic* scale. The ranks, based on the job of the head of the family concerned, are: I professional and managerial; II intermediate; IIINM skilled non-manual; IIIM skilled manual;IV semi-skilled; V unskilled.

Even so, whether or not the candidates were admitted to the provisionally offered placed depended on the A-level results they subsequently attained. Of the total of 4,455 who took the exams, 72 per cent gained at least the two lowest-level pass grades which, as a general rule, are the minimum required for admission to a full-time degree-course of any sort. When the 4,455 were analysed by social origin, however, the proportions achieving the minimum admission standard were as follows:

Social class	% attaining at least two passes
Boys:	
I	85
II	76
IIINM	71
IIIM	62
IV & V	63
Girls:	
I	83
II	71
IIINM	68
IIIM	62
IV & V	59

But if a young person is to have a good prospect of an esteemed career, just gaining admission to a degree course of some sort is not enough. Many employers still view polytechnic graduates as second-rate higher educational citizens, and in the good-job-getting stakes some universities start with a distinct lead over others.

Oxbridge

When a similar analysis was made of the candidates in each socio-economic rank who achieved three A-level passes at grades high enough to qualify for a hotly contested place at Oxford or Cambridge, the result was:

Social class	% attaining three high-grade passes
Boys:	
I	29
II	15
IIINM	10
IIIM	9
IV & V	7
Girls:	
I	17
II	10
IIINM	8
IIIM	6
IV & V	4

One possible conclusion from the figures, of course, is that children of upper-class families tend to be generally more able than their counterparts below them in the social scale. And indeed, if higher and lower A-level grades could be seen to reflect greater and lesser ability to do important work well, there could be no sensible objection to the fact that the better grades and the associated preferred chances of an elite position go disproportionately to the sons and daughters of parents who are in elite positions already.

The overwhelming evidence, however, is that A-level grades reflect no such thing. They do not even provide a reliable indication of the classes of degree the university and polytechnic entrants achieve in their final examinations three or four years later, let alone of their relative capability to do jobs in the practical working world.

What is more A-levels, with their in-built encouragement of scholarly specialisation, have been repeatedly blamed by the state's educational inspectors and heads of schools of all types for imposing narrowly academic restrictions on the teaching of children in general from an unsuitably early age.

So the A-level examination's main positive function seems to be to serve like Noel Coward's stately homes of England in seeing that the upper classes retain the upper hand. Mancur Olson, for one, would surely urge us to get rid of it.

Young people's intentions to enter higher education. HMSO £11.50.

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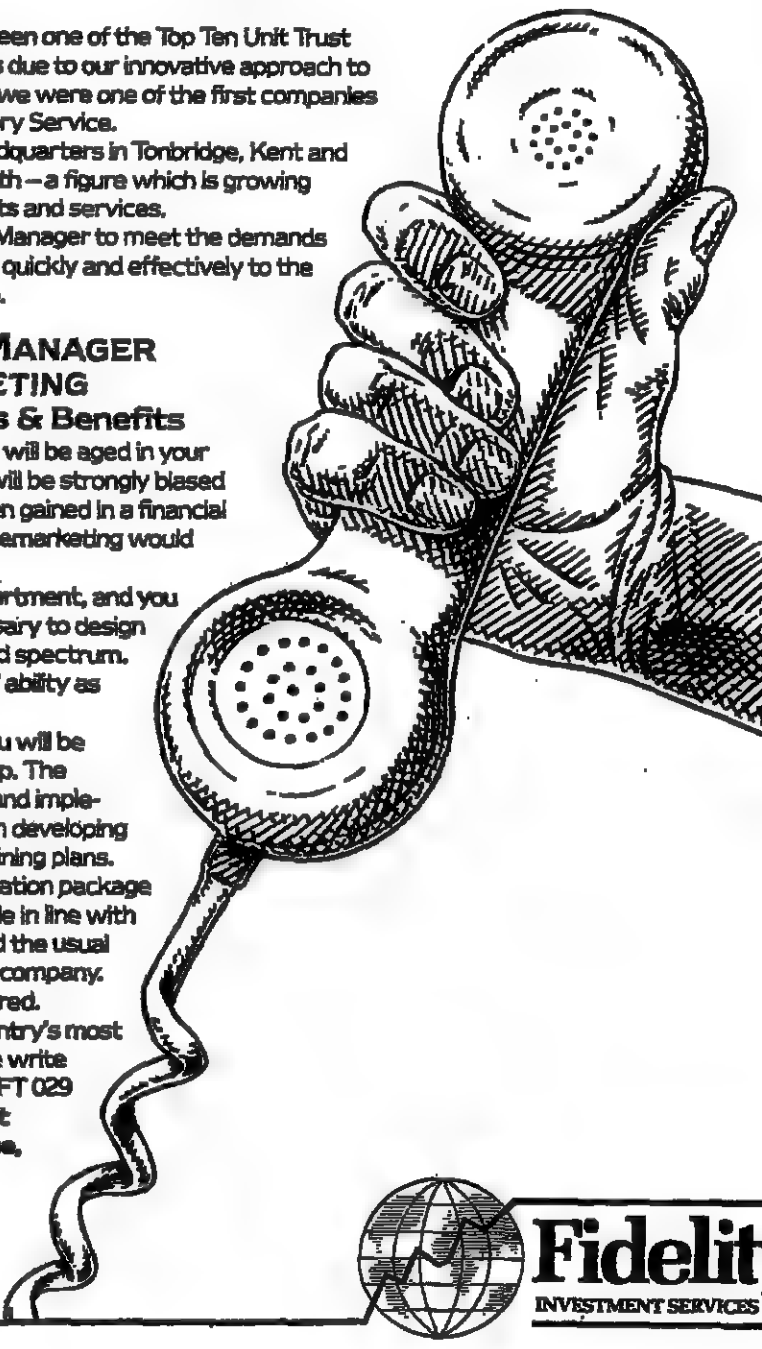

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THE ARTS

Television/Christopher Dunkley

Never bank on decent holiday viewing

Over the years this column has frequently defended television from its numerous detractors among the intelligentsia, arguing that although many of its programmes are rubbish, some of them are remarkably good. The point has been made that the ratio of good to bad is probably similar to the proportions in other undertakings which cater for a mass public: food, music, print.

The difference is that whereas an FT reader will, without even thinking about it, control the intake of print to his home so that his general impression will be based upon good newspapers, good magazines and good books, with only occasional traces of the material that makes up the bulk of the market (the Sun, Men Only, paperback thrillers) his impressions of television will be formed from his viewing of all sorts of rubbishy programmes. He sees these quite often because the only choice in television (unless he is one of the tiny minority living in a cabled area) is to take everything that is broadcast or nothing. True, he does not then have to switch on the rubbish, but somebody in the household is likely to.

Thus while most FT readers may never in their lives read a Mills & Boon paperback, they certainly will see *Dallas* or *The Equaliser* from time to time. No doubt this is not the only reason why it has always been smart to sneer at television while praising print, but it is surely one.

It has been the aim of this column to concentrate upon that small proportion of television which is remarkably good, urging fellow viewers to recognise that quality may be found in *Minder* or the BBC's cricket coverage as much as in a worthy documentary or a heavyweight play; and encouraging the broadcasters to maintain the proportion of good programmes as the total quantity of television goes up.

On this last point the argument here has always been that 5 per cent of high-quality material in a 30-channel system with 3,000 hours of programmes a week is a better deal than 5 per cent of four channels with 400 hours a week, even if you do have to hunt harder still for the high quality in the expanded system, and — perhaps — have even stronger willpower to withstand the temptations of the vastly greater quantities of rubbish.

In principle nothing has happened to alter this, but in practice it is beginning to look like starry-eyed optimism, both because of long-term trends in general, and because of the bank holiday weekend just gone, in particular. As the expansion of television proceeds, with the BBC already running its new daytime service and ITV about to join in — ITV running right through the night on weekdays, and now several regions broadcasting London Weekend's *Night Network on Friday*, Saturday and Sunday nights — the hope that even as little as 5 per cent of this will be good material looks increasingly forlorn.

You did not have to be an over-demanding highbrow to decide at 8 o'clock on the evening of Bank Holiday Monday that television really did not seem to be catering for your tastes. ITV was showing a repeat of *The Benny Hill Show*, BBC1 was just finishing *The Rock 'n Roll Years* and about to start *Terry and June*, BBC2 was screening a repeat of *Arms And The Dragon*, and Channel 4 was offering its soap opera, *Brookside*.

The experiences of Channel 4 have shown why such a pathetically small proportion of television caters for the more demanding viewer. Even if you are willing to be content with as little as 7 or 8 per cent of the audience you will still have to lace your schedules with American programmes (Channel 4 carries not merely the highest proportion of American programmes in Britain, but the highest in Europe). Though you may set out with the intention of offering very little sport, you will find yourself including quite a lot, willy nilly (horse racing, basketball, American football, Australian Rules football, netball).

And at the end of all that you may still find yourself with the prospect of being "privatised" by a Government which is more interested in introducing competitive advertising to television than in the quality of the programmes. Jeremy Isaacs who is leaving his post as chief executive of Channel 4 to run the Royal Opera House said at the weekend that the channel could continue to fulfil its remit if privatised, though it would certainly be more difficult.

He added that there would have to be safeguards "to ensure that a wholly independent Channel 4 could continue to provide the sort of broadcasting which Parliament, only six years ago, charged it to deliver." Yet there is, presumably, nothing to stop Parliament changing its mind.

But the most depressing of all the straws in the wind during this weekend of mostly ghastly programmes was the opening of LWT's *Night Network* which seems to be based on two assumptions: that the only people who want to watch television late at night are those between 16 and 24 years old, and that all members of this age group are interested in just three things: rock music, pop videos (really the same subject) and very old series from children's television.

Since it is difficult to believe that anybody in ITV really imagines that 20-year-olds are fascinated by the puppet sci-fi series *Captain Scarlet And The Mysterons*, which is the same age as they are, or *Muffin The Mule*, which is considerably older, one looked for some other explanation, and it emerged pretty rapidly. There is one clear criterion for the material going into this three-hour slot between 1.00 and 4.00 am: that it be very, very cheap.

The most expensive item on the opening night must have been Nicholas Parsons' fee for presenting the embarrassing *Alpha Bet Show*, an event which did not seem to know whether it was supposed to be a quiz show (questions on pop videos and old television series) or a send-up of a quiz show. Either way it made *Mr And Mrs* look like the height of sophistication.

Like this quiz, *The Bunker Show* — where two people from the pop world chose which "vids" they would take with them "Dahn inna bunker because the bomb's 'appened" — looked not merely studio bound, but as though it might have been shot in a bedsit. The effect of such economy in the programmes is to make the commercials for beer, jeans, hair cream and the Guardian, look astonishingly flashy and even glamorous, and perhaps that is the idea. Certainly LWT promised advertisers that its production and advertising departments would be working unusually closely together on this new venture.

As ever, it would be dishonest to pretend that there was nothing at all worthwhile on television over the holiday weekend. *Callow's Laughton* was a fascinating Channel 4 programme presented by Simon Callow, who left you at the end with the unusual feeling that you knew a great deal more about the subject than when you began. Moreover, no weekend with a screening of *Bad Day At Black Rock* can be all bad, though only those who have already seen the movie in the cinema should really be allowed to watch it on television, as a sort of mnemonic for the real thing which has much to do with the physical presence of men and landscape.

Above all, of course, there was *The World Athletics Championships* from Rome. Those who do not like athletics will have been irritated by the fact that once again, BBC and ITV were both covering the occasion, but for enthusiasts it offered another chance to compare the relative merits of the long established BBC, and ITV, which is determined to break the corporation's armlock on the sport.

But here, as repeatedly before, the BBC came out on top. One incident highlighted the difference: when the Italian official's lap counting went wrong in the 10,000m, David Coleman was onto it in a flash, correctly predicting the havoc it would cause. ITV's commentators were scarcely aware of it until near the finsih.

Like so many other holiday weekends, this one was saved for television by the sheer excellence of the BBC's sports coverage. That does not alter the fact that this week the long term trends for high quality television look as ominous as they ever have.

'Callow's Laughton,' Channel 4

The actor who found the needle in the haystack

CHARLES LAUGHTON
by Simon Callow. Methuen. 314 pages, £14.95

"It was the face of someone who simply shouldn't be an actor at all," writes Simon Callow of the most unlikely star ever to grace the cinema screen. Charles Laughton was the exception that proved almost every rule in the film business. In an industry that demanded good looks, or at least dramatically defined bad looks, Laughton was fat and his features were amorphous, puffy, higgledy-piggledy. In a profession where most actors are file-indexed from an early age under H for hero or V for villain, Laughton commuted freely between the blackest of blackguards (Captain Bligh, Barrett *pere* in *The Barretts of Wimpole Street*) and the most seraphic of heroes (Rembrandt, Claudius). And in a cost-intensive business where technical discipline was as vital as talent —knowing the lines, hitting the marks—Laughton could bob about like an angel on an erratic cloud of inspiration, causing panic to producers and dismay to directors.

In this searching and delightful biography, Callow relishes his subject and clearly empathises with him. Like Laughton, Callow is a Renaissance man in a profession where most practitioners have tunnel talent: like Laughton, he not only acts, he writes, translates and directs. Like Laughton, he also *thinks* about acting. Few of the plain facts in this book are new — Laughton's Yorkshire childhood, his Jesuit education, his rise from RADA to West End and Hollywood success — but what is new is what Callow writes between the facts. Acting is a craft notoriously hard to analyse, and most actor's biographies do not bother to try. They advance on the trite stepping-stones of anecdotes, meetings, roles and dates and prizes.

Callow rolls up his sleeves and gets down to the job. He confronts not only the "why" of acting — its peculiar motivational blend of a desire for self-exposure and an equal desire for self-erasure (via multiple disguises) — but also the "how." Laughton was notoriously complex and circuitous in his approach to roles. He could drive co-workers to desperation by looking for a needle of meaning in a haystack of possibilities, when all most jobbing film actors do is jump straight into the haystack. But in analysing Laughton's great performances, Callow suggests the needle was worth looking for.

A Laughton performance is lit by an inner light: and the light is powered by the secret current he finds for each character. In *The Hunchback of Notre Dame* it was the idea of grace through suffering. Laughton insisted on wearing a hump that was as heavy as it looked and makeup as uncomfortable as it was ugly. And in the unfinished *I, Claudius* (though not unfinished through Laughton's fault), he could not find the title character's inner light until he had heard a recording of Edward VIII's abdication speech.

More than being a Stanislavskyan gimmick, this living the role from the inside gave Laughton's acting its unique transparency. In many movie performances, the dialogue becomes a barrier thrown up by the actor between the audience and the core of the character. Bad actors make this barrier a brick wall: their dialogue is lifeless recitative, learned and delivered by rote. Better actors will make the barrier a window: their skill allows you to see through the lines to the personality speaking them. But great actors will remove the barrier completely. The dialogue seems like an emanation straight from the innermost man, or woman. The thought and the emotion visibly precede it or surround it, they act *through* the line.

Laughton's greatness was that his truancy was nearly always at the service of the truth: the truth of the character. Even when he forgot his lines—as film records of the shooting of *I, Claudius* painfully show that he did—one can believe it was in the struggle to find a meaning beneath or beyond the lines. No wonder autocrat stylists like Von Sternberg or Hitchcock, for whom actors were merely movable pieces in a prearranged Great Plan, found Laughton exasperating. ("An actor is turned on and off like a spigot" Sternberg once wrote, or spat.)

Callow is excellent in tackling the confrontation between star and director on *I, Claudius* (Sternberg) and *Jamaica Inn* (Hitchcock). And no less skilful when comparing Laughton with a great technician-actor like Olivier, who to Callow's avowed bewilderment—and, he suggests, to Laughton's—somehow found the inner core of his characters by going from the outside in rather than vice versa.

But even Olivier, great on stage, seldom achieved greatness on film. Laughton at best found a way to invite the camera straight into his inner being. He cleared away the intervening clutter, which could include the dialogue and the director's instructions, and smoothed a path between his soul and the audience. The only time his performance faltered, as Callow points out, was when his joy at the process leapt out and communicated itself: when the artist spoilt an individual brushstroke by his chuckling delight that the overall portrait had worked. But who would begrudge Laughton a moment's careless, illicit delight, in return for all the hard-worked-for delight he gave us?

Nigel Andrews

Photography in Bath

Gillian Darley

As school term brings the travellers back across the Channel from France, few can have seen many clues of the "real France" as depicted in the photographs by Emile Frechon which can be seen until September 26 at the Royal Photographic Society's National Centre of Photography in Bath. That is scarcely surprising since Frechon was taking photographs in the Pas-de-Calais region well before World War I.

Etaples, one of his chosen subjects, was pulverised by war, while Boulogne-sur-Mer did little better. In view of the period, around 1900, a particular quality of innocence seems to haunt these portrayals of humble village people—toughened by the slog of life. There are probing photographs here, too, as Frechon mused on the already fading existence of the unmechanised peasant farmer or the fisherman subsisting on the edge of an industrialised world.

The National Centre of Photography is housed in the Octagon, in Milsom Street, Bath and runs several exhibitions concurrently in its various galleries. Many of the exhibitions are based upon the RPS archive, a vast collection of work by the known and the unknown. Frechon is an example of the latter and the work in this small exhibition was presented to the archive during World War II. None of it has been shown before.

Frechon was not unhappy to find himself considered the "Millet of Photography." His images are those of the painter; portraits of individuals, groups engaged in their occupations or drinking after a day's fishing, or just soft romantic landscape. Attractive as they are, none of the scenes is special to the camera lens—they illustrate the way in which the two arts went grumpily hand in hand long after the novelty of the photographic process had worn off. Frechon's work shows a photographer aping the matter and approach of the painter—not carving out a separate path.

A French fisherman, photographed by Emile Frechon

The companion exhibition at the Octagon, shown earlier this year at the Barbican Arts Centre, is Ansel Adam's "museum set" of landscape photographs. In the sharpest contrast to Frechon, the painter in disguise, Adams teased out of the lens, and then the printing process, an intense view of landscape. Many of them were in the *Yosemite National Park*, a part of the Sierra Nevada which Adams visited from 1916 onwards.

Adams by the end of his life was on terms with presidents, receiving the Presidential Medal of Freedom from Carter in 1980. The citation mentioned that "Ansel Adams has been visionary in his efforts to preserve this country's wild and scenic areas." Small wonder that he found President Reagan and his Secretary of the Interior James Watt, a dangerous pair.

Frechon, taking his photographs around the year that Adams was born, was as obscure a figure as Adams was a public one. The strand that links the two is that romanticism which *stands against threat and change*. Frechon's was, no doubt at all, a vanishing world but many would suggest that Adam's is equally under threat. That was what led him to the White House and saw him fighting his corner until the end, well into his eighties.

Weekend Promenade Concerts/Albert Hall

It is not only with first performances that the Proms do their duty. When the initial curiosity has died down, a repeat hearing for a new piece can be difficult to promote and the BBC is to be commended for continuing its policy of making the Prom season an outlet for recent commissions, once heard but not forgotten.

At Monday night's Prom duty and, with a few reservations, pleasure went hand in hand. Richard Rodney Bennett's *Lovesongs* was first performed by the BBC Philharmonic Orchestra, with Robert Tear as the soloist, in 1986 and the same team regrouped for it here. It is a piece that goes for an immediate appeal: dense, romantic string chords aim to seduce the ear and in the background there is the continual glitter of harp and guitar, xylophones and celesta.

The interest in the foreground, however, is more fitful. At its best, as in the fourth song, rising and falling string *glissandi* draw the mind into just the right kind of hypnotic concentration. But not all the musical devices are so memorable and the vocal part, though always grateful for the singer, often fails to illuminate the very personal texts by E. E. Cummings. A heady aura of romanticism lingers on, but not quite anything more specific.

Perhaps a further performance is called for to bring out the details, though one would certainly not want to swap the poetry that Tear brought to his music for anybody else. In the orchestra, a certain thickness in the textures might be ascribed to the playing, as it was to be heard as well in Delius' *Dance Rhapsody No 2*. Strange how these two pieces, both so English in their use of string choirs, quickly stray into more exotic climates.

After the interval a different climate altogether. Edward Downes has long favoured the Russian repertoire and his account of Rachmaninov's Second Symphony was as serious and well thought-out as one would expect from him: rhythmically firm, confident in its ability to see the end of the work from the beginning. Ideally, one would like a more glamorous orchestral sound than this, but the BBCPO is a conscientious band and its hard work does pay dividends.

*

When Walton was once asked what he regarded as the most important tool of composition, he replied without hesitation "an india rubber." Of all composers, he must surely be counted one of the most fastidious, ready to discard into the wastepaper bin as much as he thought fit to keep.

So it seems a shame that any of the works he did choose to leave behind should go unperformed. To date this has largely been the fate of his early *Sinfonia Concertante* and there was a welcome chance to catch up with it at Sunday's early evening Prom, given by Vernon Handley and the Royal Philharmonic Orchestra. Re-cast from the music of a ballet score rejected by Dyagilev (hence a link to the Proms' dance theme), the piece undeniably has its fair share of ear-catching ideas.

Its three movements are dedicated individually to the Sitwells. The first—to Osbert—is altogether too disjointed. But the slow movement (Edith) is an affectionate portrait, lovingly drawn out, and with the finale (Sachie) the mature Walton at last bursts out at his most energetic and effervescent. The score also includes an important piano part, less than a concerto but more than an orchestral solo—mostly single lines or octaves, sensitively played here by Kathryn Stott.

In the rest of the programme the Proms' dance theme was met head on. Perhaps Handley might have made the point clear by lifting the rhythms in Rakhmaninov's *Symphonic Dances* more captivatingly. This was not, by and large, a dancing performance. But it was all well played, with a firm grip on underlying movements of harmony and tempo, and the full sound of the RPO, as so often these days, was marvellously rich and romantic.

The other dance item was Elgar ballet *The Sanguine Fan*, also a neglected work and one which did not have a performance between Elgar's recording of excerpts in 1920 and its modern revival in 1973. Unlike the Walton piece heard earlier, this score proclaims its composer unmistakably from the first note to the last, but what a disappointing array of weak ideas it presents. Not music for the wastepaper bin, perhaps: but it certainly belongs in the bottom drawer.

Richard Fairman

Loose Tubes, the wholly irreverent and unselfconsciously unconventional 21-piece ensemble containing some of the most talented young jazzmen in Britain, later on Sunday evening justified its selection as the first jazz group to perform at a Promenade Concert. Its late night Prom at the Albert Hall, in front of its enthusiastic followers, was a typical manifestation of Loose Tubery.

The band is a collective organisation which specialises in compositions from its members, mainly Django Bates, Eddie Parker, Steve Berry and Chris Batchelor. In format it is far removed from the generally accepted large jazz unit. The pieces are not stylised, formal pieces in the big band tradition. In conception they draw upon vast resources of musical inspiration incuding jazz, rock, gospel, African and ethnic music the world over. The basic delight and thrill of Loose Tubes lies in its uninhibited spontaneity allied, paradoxically, with a fragile but perceptible discipline which prevents an easy descent into chaos or anarchy.

Another inspiriting aspect of the Tubes is its humour. Following a period in jazz, especially in Britain, when it became cerebral, ultra-serious and inward looking, the emergence and wide acceptance, since its formal birth in April 1984, of this gang of joyful youngsters has sent a refreshing blast of air right through the British jazz scene.

On Sunday, no doubt in deference to the radio audience, the visual aspect of a Loose Tubes evening was played down though, quite predictably, the bust of Sir Henry Wood was draped with a Loose Tubes T-shirt.

Listeners also missed the full dramatic impact of the historic first Promenade Concert jazz solo being played by a totally shaven-haired trombonist with dark glasses, attired only in black running shorts, a T-shirt and red shoes—no socks. This was John Harborne, one of the many soloists who contributed quality improvisations throughout the concert which was played without an interval and which continued some 20 minutes after Radio 3 listeners had been returned to the studio.

Radio listeners would, hopefully, have experienced superior quality sound for in the hall too often the subtlety of some of the compositions and their tonal colours were blurred.

"Sosbun Brakk," an Eddie Parker piece allegedly named after a mountain in Nepal (trombonist Ashley Slater's offbeat announcements have to be treated with the scepticism they fully deserve!) was one of the evening's major triumphs, notable for an Eric Dolphy-like solo on bass clarinet by Dai Pritchard and a flute solo by Parker himself. It was this piece which segued quite without warning into a smile-inducing, almost deadpan performance of the Andy Williams chart hit "Can't take my eyes off you."

Django Bates, a founder member of the band, contributed some frenzied, rather repetitious solos on his synthesizer but was far more bearable on his tenor-horn. Iain Ballamy on alto-sax, Julian Arguelles, tenor-sax and Mark Lockheart, also tenor-sax were among the other soloists whose playing helped make this historic evening a truly memorable one as well.

Kevin Henriques

Arts Guide

August 28 – September 3

Theatre

LONDON

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. Geoffrey Hutchings in the lead now joined by Toyah Wilcox (836 9987).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (242311).

NEW YORK

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

South Pacific: Robert Goulet stars in the Rogers and Hammerstein musical in the last weekend of Wolf Trap. Vienna, Va. (703 255 1868).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Annie. The Japanese-version of the Tony-award winning musical by Charles Strouse and Martin Charnin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

FINANCIAL TIMES

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Wednesday September 2 1987

Maclennan's rescue bid

MR ROBERT Maclennan, the new leader of Britain's Social Democrats and the third in the party's six year history, made all the right statements in his speech to the party conference in Portsmouth yesterday. Although not yet one of nature's conference performers, he was at least received as a white knight.

It is one thing, however, to praise a man for putting on a bold showing in adverse circumstances; it would be quite another to overlook how bad the circumstances are. For a party that started off with such brave hopes, they could hardly be worse. Moreover, the wounds must be the more painful in that most of them were self-inflicted. A party with a more united leadership would never have allowed the poll of members on a merger with the Liberals to go ahead when it did and without taking wider soundings of members' views. It might also have given more thought to the next moves.

As it is, a majority of the party has voted in principle for a merger with the Liberals on terms yet to be negotiated, while a sizeable minority led by Dr David Owen, the former leader, is holding out for maintaining the independent existence of a depleted SDP. None of the key characters comes out consistently well, including Mr Maclennan. He originally wanted an early ballot on the merger proposal on the grounds that he thought the membership, given the chance, would vote overwhelmingly for continued independence. He got it wrong, changed his mind and is now trying to perform the near miracle of negotiating a merger with the Liberals that even the bulk of the SDP purists will accept.

Deep differences

The size of the difficulties ahead becomes more apparent with every new move. Mr Maclennan's speech yesterday was an attempt to reunite the SDP behind the merger negotiations, even to the point of seeking to bring Dr Owen back into the fold. Yet in so doing he made it clear that the negotiations with the Liberals would be far from easy. They will be about policy as much as about organisation. The former will include defence where Mr Maclennan, like Dr Owen, believes in retaining a British nuclear capability. That is one of the issues that has bedevilled the alliance with the Liberals from the start. He even threw in civil nuclear policy, where the deep differences within the Alliance have so far passed largely unnoticed.

Mr Maclennan described the initial SDP ballot on the merger as consultative and far from final and he buried, quietly but emphatically, the Alliance's joint manifesto at the last general election "The Time Has Come." It was, he said, pedestrian.

Internal dissensions

It remains to be seen what the Liberals will make of all this when their own assembly opens in Harrogate the week after next. On the face of it, it looks as if Mr Maclennan is seeking to begin the negotiations with the Liberals that have taken place piecemeal over the years all over again, this time with the aim of producing a single party. It will be a considerable triumph if he pulls it off, yet he could be overestimating the SDP's own strength, his own capacity to hold his party together and the Liberals' willingness to negotiate on anything like a basis of parity.

The story may be long enough not to preclude a happy ending. However, here are three cautionary notes. The events in Portsmouth may seem important to those involved: they may have a different meaning for a wider electorate which tends to rumble parties full of internal dissentions. The argument about social democracy is about small or capital letters. Social democracy can exist without a Social Democratic Party to guarantee it. And while the Alliance used to talk about a realignment of British politics, it is a measure of its fall that it is now reduced to discussing a realignment within itself.

Trade deficit in perspective

FINANCIAL MARKETS are moved by news, which is why a host of highly-paid analysts is employed to read the auguries in the various monthly figures. Among these are the figures for the balance of payments, so long the principal nightmare of British policy-makers. Judged by the standards of recent market reactions, the response to the somewhat disappointing balance of payments figures released yesterday was a model of calm, with the stock market firm and the foreign exchanges undisturbed. The markets have, undoubtedly, got this one right.

A visible trade deficit for July of £910m and a preliminary estimate for the current account deficit of £310m was *above the median estimates of* the analysts. The deficit on visible trade of the three months to July, at £2,746m, was more than double the figure for the previous three months, but less than half against the comparable figure for 1986. In any case, figures for invisibles are quite uncertain and may prove an underestimate. Consequently, one can assume that the current account deficit itself, though rising over time, is going to turn out somewhat smaller than currently estimated.

Is there anything here to be concerned about? So far as the deficit itself is concerned, the answer is no. Britain is running a capital account surplus, which suggests a reallocation of international portfolios in an entirely appropriate direction, given the relative growth of the British economy and the expectation of future growth that underlies the long-term rise in the stock market. With over £60bn of private assets overseas the shift in the net asset position of the British private sector implied by a current account deficit running at £300m a month (or even more) can hardly be viewed with concern.

Current account

It should also be observed that the world seems to have a shortage of creditworthy countries that are prepared to borrow, just when the US, which filled that role admirably (even, perhaps to a foolhardy extent) is again coming under pressure. While some reduction in the current account surpluses of Germany and Japan can be hoped for, it is highly unlikely that the global adjustment process can work without increased deficits in countries like the UK.

The concern is not with the current account, but with what it might indicate. Is the economy overheating, with the deterioration in visible trade the second stage of the process (rising asset prices having been the first) ? This is, presumably, what the authorities believed when the decision was taken to raise interest rates last month.

Import figures

In this regard the figures for July provide quite good ammunition for the Jeremiahs. Looking at trade in goods other than oil and excluding the "erratics," one finds that export volume for the last three months is up some 6 per cent on the same three months a year ago but down 1½ per cent on the previous three months. Meanwhile, the volume of imports has risen 10 per cent over the same three months a year ago and 8 per cent on the previous three months. Furthermore, the import figures do not suggest that it is capital goods that are the main component of growth, as would fit the hypothesis of an investment boom. In the three months to July the volume of imports of capital goods was up 11 per cent over the previous three months, but the volume of imports of manufactures as a whole was up 10 per cent (excluding the erratics).

All this is consistent with the evidence that the UK is enjoying a broadly-based expansion in which investment is playing a significant part. It is possible that this expansion, like many before, will prove unsustainable, ending in inflation and tears. The figures for the balance of payments do, therefore, merit some attention for what they say about the evolution of the economy. They also provide some justification for recent action by the authorities. In themselves, however, they can be treated with an indifference that must make most of the Chancellor's predecessors burn with envy.

THE ITALIAN ECONOMY

Now the party's over

by John Wyles in Rome

TASSO ERGO SUM (I tax, therefore I am) was one truly inspired, sub-Cartesian newspaper headline summing up the political, if not the economic, motivation behind a package of emergency measures unexpectedly produced by the new Italian Government last Thursday.

Until then, the coalition headed by the Christian Democrat, Mr Giovanni Goria, had endured a wretched 23 days in office. Its handling of a natural disaster at Valtellina in the Alps had seemed weak and insensitive; ministers were at odds over the circumstances in which Italian minesweepers might be sent to the Gulf; and the stock market had been sinking rapidly under the weight of devaluation rumours and a general lack of economic and political direction.

By the time ministers departed for brief holidays in the middle of the month, the Government had done nothing to alter the widely held judgment that it was politically feeble—and probably destined to last no longer than the nine or 10 months granted to most of its post-war predecessors.

Last Thursday's moves to raise the Bank of Italy's discount rate from 11.5 per cent to 12 per cent and to impose temporary increases in value-added tax on consumer goods and the early payment of taxes by banks and corporations, at last demonstrated a capacity to act—"I tax, therefore I am."

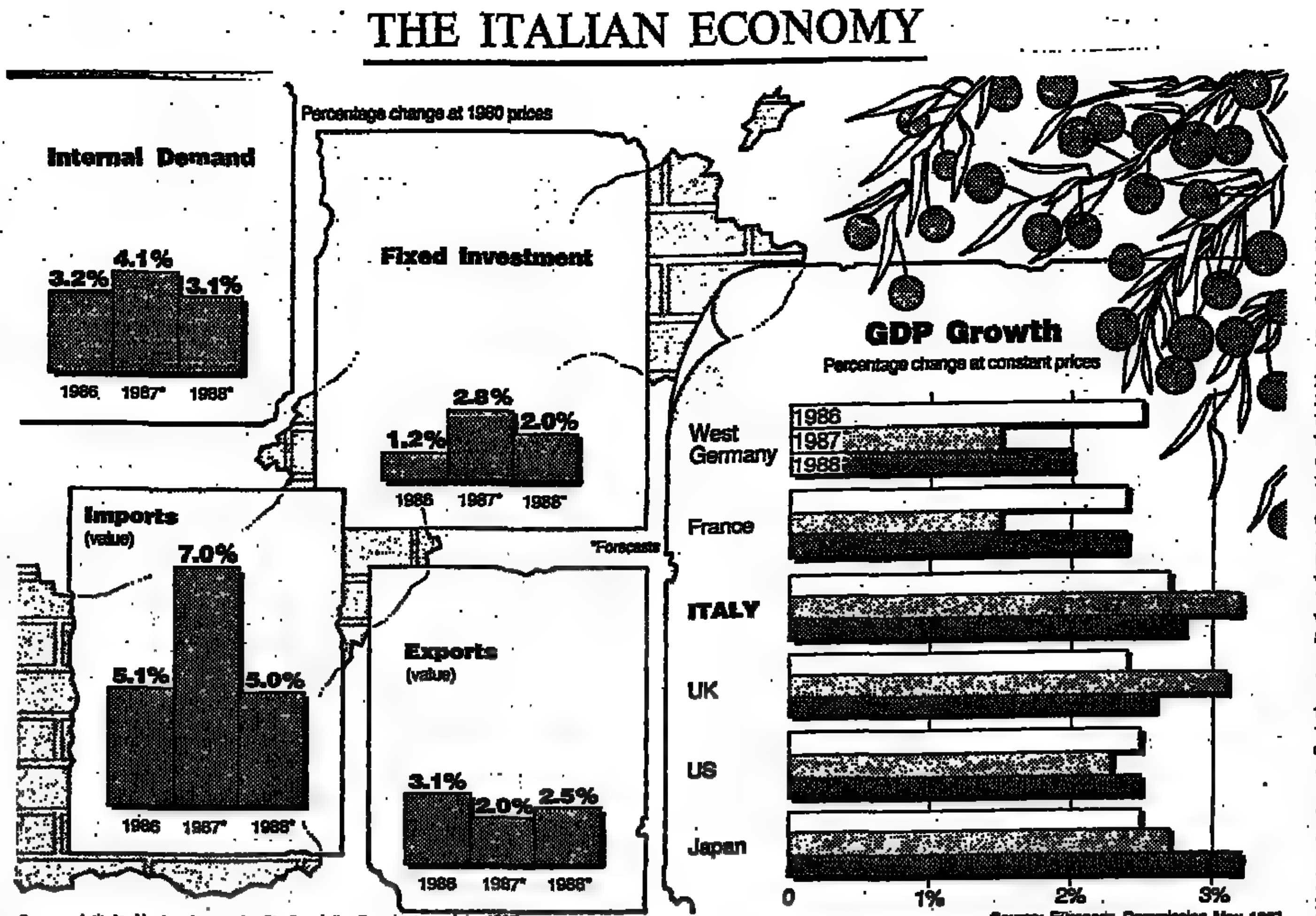
As a piece of shock therapy, the action lent substance to the recently declared view of Senator Nino Andreatta, one of the Christian Democrats' leading economic thinkers, that "the party is over in Italy." After two years of almost euphoric self-congratulation led by Mr Bettino Craxi, the Socialist Minister for four years until last March, the mood has swung to one of anxiety in the face of a deteriorating trade balance and new inflationary pressures.

After two years of self-congratulation the mood has swung to one of anxiety

While Italy undoubtedly needed some such demonstration of political determination, what was given last Thursday seems to have pleased nobody. Above all, Mr Goria, Treasury Minister since 1983 until he was made Prime Minister at the end of July, and his successor at the Treasury, Mr Giuliano Amato, the top Socialist in the Government and the first member of his party to occupy that post, have been accused of taking a lop-sided approach to the economy's problems.

Confindustria, the top business organisation, and even the Republican and Liberal Parties which are part of the coalition Government, have attacked the package as an over-hasty piece of revenue raising and credit tightening which does not confront the nation's central macro-economic problems—runaway public spending and the spiralling public sector deficit.

The criticism is only half justified, although Italians are understandably short-tempered about having to pay for ever more expensive but grindingly inefficient public services. In fact, the Government would have been more open to charges of excessive haste, and even panic, if it had produced spending cuts within a month of its 1988 budget proposals.



Source: Istituto Nazionale per lo Studio della Congiuntura July 1987

Source: European Commission May 1987

Ministers begin drafting the budget today and its presentation at the end of the month will be scrutinised for evidence of a coherent economic strategy. One effect of last Thursday's package has been to increase the political pressure on the Government to produce credible short-term expenditure cuts and a medium-term plan for bringing the deficit back under control.

But the immediate problem for Messrs Goria and Amato, however, was how to respond to an economy showing signs of overheating—a situation, not dissimilar to that which prompted Mr Nigel Lawson, the British Chancellor, to push up UK interest rates in July. Current problems in both Britain and Italy are classically explained in terms of two medium-size economies seeking to grow at a faster rate than their main trading partners.

Both are now vying with Portugal for the honour of the year's highest growth rate in the European Community—between 3 and 3.5 per cent. Equally positive is the relatively respectable increase in output of around 2.5 to 3 per cent which both economies should achieve in 1988.

But with the major OECD economies generating little in the way of increased exports, higher than average growth in the two countries has become dependent on swiftly expanding consumer demand. Since the benefits of the falling dollar and lower oil prices are apparently exhausted, both Italy and Britain are suffering a worsening trade balance and risks of resurgent inflation. Price rises in Italy bottomed out late last year at an annual rate of 4.2 per cent and look likely to rise to around 5 per cent this year.

Last week's Italian measures should take around L8,400bn (£1.6bn) out of the economy and help damp down a growth in domestic demand which in recent months has been soaring at an annual rate of 5 per cent.

They should also help contain the public sector deficit at between L107,000bn and L110,000bn—a dismal aggregate in comparison with the target of L100,000bn set by the 1987 budget. Forecasts of next year's deficit range between L115,000bn and L120,000bn and the Government may pin itself to a target of L100,000bn—just under 10 per cent of forecast gross domestic product.

This year's huge overrun owes something to the long-standing structural weaknesses in government control which have pushed up current public spending by nearly 300 per cent since 1980. But it also owes a great deal to a politically inspired spending spree in the run-up to the general election in June.

Here, much responsibility attaches to the Craxi Government's final months. Mr Craxi skilfully polished the image of a Prime Minister ready to face tough decisions, but by the end of last year, when an election began to look increasingly likely, he and Mr Goria started to go soft on the deficit.

The fact was not lost on parliament. Highly susceptible to interest group pressures and poorly disciplined at the best of times, legislators prepared for the hustings in the manner of a US Congress and began scattering packets of money on electorally appealing projects.

The damage wrought by parliament is not easily quantified—one estimate puts it at an additional L17,000bn over two or three years while the Centre for European Research in Rome calculates that L1,300bn was added to the 1987 deficit and L1,200bn in 1988—but it was certainly significant. And while the Government was failing to control the pork barrel instincts of the legislators, the Treasury seemed unable to impose its own authority within the Government.

The 1987 budget proposal anticipated pay rises for public sector workers of around 4 per cent. The actual agreements negotiated with local authority employees, health service workers and other civil servants were worth around 12 per cent and will push up state spending on salaries by around 10.9 per cent this year and 5.6 per cent in 1988—a total for the two years of at least L10,000bn.

This bounty, coupled with rather less generous concessions in private sector deals, has generated increases in real incomes which have led the economic institute, Isco, to forecast that the wages of the directly employed will rise by 9.2 per cent this year, against an increase in consumer prices of 5 per cent.

Such prodigal increases in disposable income have helped to suck in imports at a worrying rate. Their total monthly value in June was 18.7 per cent higher than the year before. The non-oil trade balance has deteriorated by L6,000bn in the first six months, the surplus falling to just L182bn.

With oil prices now standing higher than they did in the second half of last year and exports struggling for 2 per cent growth, earlier private forecasts of a current account surplus of around L3,000bn (L6,292bn in 1986) are beginning to look optimistic, despite the latest measures.

Nevertheless, these should be enough for the time being to end the devaluation talk which put the lira under some pressure in mid-August and which Mr Amato has labelled "unpatriotic" in an echo of past British Socialist Chancellors.

But his four-month increase in VAT on a range of consumer goods will only postpone purchases and imports to next year. Then the lira could again come under attack in the absence of a convincing policy for the deficit.

The chances are quite high that the Government may fail to produce one. With a young and manifestly junior politician as Prime Minister and a minimal level of trust between the coalition parties, the Government looks short on political authority.

The immediate political requirement is agreement between the senior spending ministers on a budget strategy and on detailed spending cuts. There may be some scope for an increase in taxes inside the Government's commitment to maintain its taxable income at 35 per cent of *GDP*, but revenue forecasts are notoriously unreliable because of the extent of tax evasion. New and higher health service charges are also likely after an annual increase in costs over the last four years of more than 10 per cent.

A coalition agreement on cuts in social spending will be difficult to achieve and to implement. The Christian Democrat majority in the Government put the welfare of the family at the head of its priorities in the election campaign and will defend the allowances system.

Mr Amato, formerly Mr Craxi's righthand man when the latter was Prime Minister, is a political star in the ascendant who is making noises about "severity" and cutting out waste, but he is not talking about reducing entitlements.

Besides, true spending reform can only be achieved through changes in the law and here the Government is confronted with the sheer inefficiency and tendency towards extravagance of the parliamentary system.

Last year's budget proposal was accompanied by draft legislation for reforming pensions, which account for two-thirds of all central government welfare payments. The legislation ran into strong parliamentary opposition and duly lapsed when parliament was dissolved in May.

That again raises the question of whether a modern economy can be managed efficiently under a political system which stutters as badly as the Italian one.

The country needs a comprehensive revision of the public sector

Despite its lack of consistency on the deficit, the Craxi Government had a commodity rare in Italy: political authority. Its fall was followed by five months of political inertia filled by crisis and party feuding, general elections and then the laborious process of forming a government.

During this time there was no possibility of a correcting "touch on the tiller" for the economy, beyond the Bank of Italy's behind-the-scenes efforts, only partially successful, to talk the banks into scaling down their booming loans to private industry.

Mr Amato, long an evangelist for political and institutional reform, said in a weekend newspaper interview that without a change in practices "it is not possible to satisfy the sacrosanct demand for efficiency and for transparency." He added an alarming insight into the problems he faces as Treasury Minister. "I am not able to manage spending flows and neither is it possible for me to know what they are."

But the country now appears to need a system of administration which can comprehensively reorganise the public sector, cut out waste and perhaps even take back some of the give-aways of recent years. All in all, the next year should be an interesting test of the businessman's thesis still propagated by Mr Gianni Agnelli, Fiat's president, that in Italy weak governments are the best governments.

Men and Matters

Lipworth takes the chair

The much-maligned Monopolies and Mergers Commission was given a new boss yesterday when Sydney Lipworth agreed to take on the post as chairman from next year, replacing Sir Godfray Le Quesne who has been chairman for the past decade.

Lipworth, a part-time member of the commission since 1981, is currently deputy chairman of Allied Dunbar, the financial services group of which he was one of the founders.

Like his old friend Sir Mark Weinberg — the two men were students together at the University of Witwatersrand — Lipworth is an affable, sun-tanned South African. When Weinberg was the life assurance super-salesman of the 1960s and 1970s, creating first Abbey Life, then Hambro Life (now Allied Dunbar), Lipworth was beside him.

While he does not have Weinberg's reputation as an expert on the law of mergers and take-overs, he has his own specialised field: the design of life assurance products, about which he still writes in Allied Dunbar's handbooks for private investors. Like Weinberg, now deputy chairman of the Securities and Investments Board, he has also been closely involved in the creation of the UK's new self-regulatory framework for the marketing of life assurance.

He takes over at the commission at a time when its purpose and function is under close scrutiny not only within Whitehall — where an internal committee is considering its future — but also when it is under attack from the business world.

The CBI, for instance, has taken a sharply critical line with what it sees as the commission's ponderous practice of sitting in judgment on commercial takeovers.

The uncertainty over the commission's future may have been one reason why the Department of Trade and Industry turned to head-hunters Tyzack & Partners to find the right chairman for the job.

Tyzack are no strangers to finding top public-sector appointments — London Transport's Sir Keith Bright was one — and they carried out a wide-ranging search before deciding that there was no better candidate for the job than Lipworth, the man closest to home.

Knill waste

Did the Government snub its scientific advisers in June when it failed to consult them before abandoning its controversial plans for shallow repositories for low-level radioactive waste?

The advisers demanded, and got, a meeting with ministers shortly after the election. "Yes, and no," was the answer given to the advisers, says Professor John Knill, the new chairman of the radioactive waste management advisory committee.

"Yes" in so far as the Government had taken its decision not on grounds of the best way of protecting the public, but simply on grounds of cost. "No," because he found the Government's need to act swiftly, "understandable."

Knill, aged 52, steps into a hot seat left vacant since Professor Paul Matthews, the Cambridge physicist, was killed in a car accident last winter. Matthews had left no one in any doubt that he believed the government was dragging its feet in radio-active waste management policy.

Knill, who is a cordial and outgoing man, has been professor of engineering geology at Imperial College, London, since 1973, and head of the geology department since 1979. He is also a member of the nature conservancy council and says: "Wildlife is high on my own list of interests."

He staunchly defends the integrity of the committee he has served for the past 18 months, in the face of some sniping about the inclusion of representatives of the nuclear industry.

"We do some very useful work which deserves more publicity than it gets" . . . "I have never felt that we have had information held back by any member of the committee."

Answering critics of nuclear waste disposal he declares he would have no hesitation in drinking "Drigg water" from the nuclear waste repository of British Nuclear Fuels in Cumbria.

Biting back

For years the advertising industry has complained about the lack of control over where advertisements are placed on television.

The cost of television airtime has gone ever upwards, but if an adventure movie was replaced at the last minute by something likely to switch off the viewers, so far as the advertisers were concerned that was just bad luck.

Brian Jacobs, media director of Leo Burnett Advertising got his own back at the Edinburgh television festival when he gave ITV a special award for relevance in the placing of television advertising.

It went to an ad for Steradent toothpaste, sensitively placed in the middle of The Tube, Channel 4's pop music programme.

Asian Spirits

Rolls-Royce Motors yesterday handed over the largest single order by value that the Crewe company has ever received — eight Rolls-Royce Silver Spirits worth £994,000 for the Peninsula Hotel, Hong Kong.

The cars will be used to transport guests between the hotel and Hong Kong's airport, as well as for sight-seeing tours and shopping trips. The fleet is the fourth bought by the hotel since 1970. Lincoln Continentals from the US were used for two years from 1974. But public demand brought a return of the Rolls-Royce service.

The cars they will replace have completed 130,000 miles each, and will go elsewhere in the Hong Kong and Shanghai Hotels group, which owns the Peninsula.

Rolls-Royce produces 52 cars a week. Each takes three months to build from start to final road test.

The Peninsula claims that its fleet is unique. It employs a team of 17 chauffeurs to operate it and a Rolls-Royce trained engineer to service the vehicles.

Unknown soldier

A bank general manager rang one of his minions seeking data on a client.

"Too busy," came the brusque reply. The manager repeated the request, but in vain.

"Do you know who you're talking to?" asked the manager, testily. "I am the general manager."

There was a pause at the other end of the line and — then came an anxious: "Do you know who you are talking to?"

"No," said the general manager.

The minion's voice sounded warmer. "That's a relief — Good Bye."

Lost for words

In a women's club near London a notice has gone up. "The Quiet Room has been shut owing to lack of use by members."

Observer

A. H. Hermann says the UK Law Lords could learn from the US and West Germany

From left: Lords Bridge and Oliver, the minority who dissented over the Spycatcher decision, and Lords Templeman and Ackner, who upheld the Government line.

When experience is not enough

THE SPYCATCHER affair, and the sharp, public disagreement over its judicial disposition, brought the supreme tribunal of the UK a degree of public attention normally enjoyed only by the Supreme Court of the US and the Constitutional Court of West Germany.

Contrary to popular belief the nine Law Lords do not wear wigs. Mellowed in advanced middle age, they are soberly dressed in the fashion of civil servants and not at all pompous. Since they all started out as barristers, they could be described as the finest in a line of poachers turned gamekeepers.

Although many of them have demonstrated an interest in the broader issues of law, justice and democracy, abstract or academic thought rarely enters into their judgments. These are dominated by their practical experience of disputes, which they argued as barristers or advocates in their formative years and later decided as judges.

This varied experience also draws on activities outside their judicial role. Of the minority who dissented over the Spycatcher decision, Lord Bridge was for years chairman of the Security Commission, the body which supervises the security services and is nothing if not a highly conventional and conservative judge. The other dissenting voice, Lord Oliver, on the other hand demonstrated a progressive spirit in his report on the Chancery Division of the High Court, dealing mainly with probate, company law and patents.

Turning to those who took the opposite line, the differences are far from obvious. Lord Brandon, a cricket fan, is a judge with a strong head and heart, but still very much a "letter of the law" man. He is perhaps the most reticent of the five on the case—and the one whose views had the widest acclaim in the legal profession. Lord Templeman, who was the strongest proponent of the Government's line on Spycatcher—and some of whose recent judgments have provoked criticism for paying little regard to business reality—is widely believed to be a Labour Party supporter. Lord Ackner, who gained renown as an aggressive QC, collided with the press over the *Thalidomide* case, when the Sunday Times in particular fought both for the victims of the drug and for press freedom.

Similarly, one could go through the record of the remaining four Law Lords, Lord Griffiths, Lord Brightman, Lord Keith and Lord Goff, without for establishing any clear link between their background and the decisions they take.

The unpredictability of the Law Lords is a problem.

Personalities apart, there were always two types of approach. One, taking its roots from the founder of modern English law, Lord Mansfield, and now associated with Lord Denning, seeks to interpret the law to achieve justice and uphold civil liberties. The other believes the judge's duty is to uphold law rather than justice, and puts the authority of the state above the claims of individual and public liberties.

An explanation of the difficulty of dealing with a conflict between claims of confidentiality and freedom of the press was offered by Lord Scarman. In his view, English judges are not used to dealing with public law and constitutional questions, but rather derive their experience and intellectual habits from deciding disputes between private parties. And the cases come to them on the basis of an automatic right to appeal, or leave to appeal granted by a lower court.

Things are very different in the US where the Supreme Court decides only appeals of its choice. It selects those which involve issues of constitutional or political importance.

The US Supreme Court has a tradition of guarding and interpreting the constitution, and keeping a balance between civil liberties and the power of Congress and the President, although their determination of that balance varies according to need and their political views. For this reason, the appointment of the Justices is less simple than in the UK.

Another important difference between the Supreme Court and the Law Lords is the number of judges taking part in individual cases.

While only five Law Lords form the bench, all nine Justices of the Supreme Court participate in every decision.

While the Law Lords work without help, and discuss the problems only within the Inns of Court where barristers and judges meet, the Justices of the Supreme Court have the backing of an efficient research establishment. Each of them has the assistance of three young lawyers and two secretaries who, with the Legal Officer of the Court and the Library, collect a wide range of factual, political and legal information bearing on the issues before the Court. Numerous drafts are circulated through the computer system for comments often from all the judges of the court, not only those deciding the case.

It has been suggested recently that the Law Lords should be constituted as an independent Supreme Court and that all nine should deal with every case. Earlier, Lord Denning came down in favour of extending the power of judges to review legislation, as in the US.

But to perform greater tasks, the reconstituted Law Lords would have to be better equipped. At present they operate with just one secretary between them. They work mostly from paper, studying judgments and written submissions. To clarify crucial points, they hold brief oral hearings in the committee room of the House. Their consultations and deliberations are informal—perhaps taking place in the corridor or over lunch.

Steered by the Senior Law Lord, they agree who will write the majority opinion, or the only opinion if they all agree. After about six weeks, they announce their decision in the Chamber of the House, calling their opinions "speeches" and pretending that the decision was adopted by the whole House after a debate which never took place.

In addition to constraints dictated by ancient tradition, the Law Lords suffer from a lack of specialisation. In France, for example, the work is divided between the Cour de Cassation (supreme court of appeal) and the Conseil d'Etat specialising in judicial reviews of administrative decisions.

In West Germany, the specialisation is even greater. In addition to the Federal Supreme Court, dealing with civil and criminal appeals, there are three separate hierarchies of courts dealing with administrative, financial and labour disputes and appeals. Germany also has the equivalent of the US type of judicial review of legislation through the Constitutional Court.

The influence of the German Constitutional Court on legislation and its interpretation by the executive and the courts is enormous. Any citizen can complain to this court when he has exhausted the ordinary judicial processes and feels that the constitution or the Grundrechtgesetz (Bill of Rights) has been infringed. Every court, low or high, has the duty to scrutinise the constitutionality of the law it is asked to apply. If dissatisfied, it refers the issue to the Karlsruhe watchers of the constitution. They are the ultimate umpires in power conflicts between the legislature and the executive and between regional and federal organisations.

Giving such great powers to judges goes against UK tradition. But there may be a case for incorporating the European Convention on Human Rights into UK law and for giving greater scope to the Appellate Committee of the House. This, however, would mean not only providing judges with greater assistance, on the US model, but also drawing them from a wider circle.

A Judicial Commission, the establishment of which was proposed by the Alliance in the run-up to the General Election, would select judges for the highest court who represented both the various legal disciplines and different habits of thought. Academics would be brought in as well as practitioners from both branches of the profession. By setting practical experience within a framework of fundamental principles of human rights and legal theory the judicial process could be made safer and more predictable.

The two Germanys

Don't over-react to Mr Honecker's visit

by Gunter Gaus

ERICH HONECKER, the head of state of the German Democratic Republic, is to visit West Germany next week. Ever since the visit was announced in July it has given rise to a stream of speculative interpretation which reflects more the confusion in Western minds than the facts governing relations between the two German states.

As a former Permanent Representative for West Germany in the GDR, I have been interviewed more than a dozen times about the significance of this visit. What ideas came up! Is Honecker bringing to Bonn an offer from Gorbachev over the "German question" which would extract the Federal Republic from the Western camp and overturn the situation in Europe? Are we now at the threshold of German reunification?

At the root of such questions lies suspicion of the enigmatic, unpredictable Germans.

Those who have contributed to the detente of the last 15 years between the two Germanys view with bitterness the fact that patient efforts towards progress have left perhaps only a superficial impression on the public consciousness. Concrete achievements since the beginning of the 1970s for the people in both Germanys are immediately forgotten when something which is regarded as a sensation is announced.

In fact, the planned Honecker visit is in no way sensational. It is merely the logical result of a policy under which the West, including the Federal Republic, has recognised the German Democratic Republic as a sovereign state.

The very last thing the visit is about is German reunification or any step towards it. If the policy of reunification were to cross over from the Sunday speeches of some West German politicians into policy, then encounters between the two Germanys could scracely take place at all. That would be the case not only for official meetings between politicians but also—and above all—for the cross-border travel by private individuals which has risen in such a welcome fashion as a result of post-recognition detente.

That is not to say that these improvements are satisfactory. The easing of humanitarian and political problems between two states born from a divided country still requires much mutual understanding and respect.

In any case normalisation—with great patience, always with the threat of setbacks—can only be relative; the border between the two German states will separate the two world blocs for the foreseeable future. But how much has already been achieved in human rights compared with the politically barren days of the Cold War?

In fact, the present basis of European detente is insufficiently understood by large sections of the Western public. At the risk of seeming like a German schoolmaster, I must reiterate a fact which is clearly not taken seriously enough in some quarters, or which is becoming overshadowed by ideas about whether the East bloc is about to totter. Full recognition of, and continued respect for, the European status quo in the balance of power is the only way to achieve gradual changes towards more understanding of political, security, economic and humanitarian questions across the whole of Europe.

As soon as one side in this long and difficult process tries to achieve victory—in whatever form—then the process of relaxation comes to an end. At that point, there can be no more discreet compromises between General Jaruzelski, the Catholic Church and Solidarity, and no more meetings between the two Germany.

We need to understand that in a Europe of reduced tensions, summits between the two Germanys will take place naturally. The question is often raised whether Moscow would permit this to happen. But this reflects the well-loved cliché that East bloc states are ruled by remote control from Moscow with no political room to manoeuvre on their own.

However, the economic reforms in Hungary over the past decade (which will still possibly fail even without pressure from Moscow), as well as events in Poland, show that the Soviet Union's allies have been able to develop a certain limited independence.

The GDR may never be independent enough to decide freely over a question which the Soviet Union sees as a matter of life and death. But is not the same true for the Federal Republic vis-à-vis the US? Do not the two German states — in different ways, governed by their respective political systems—bear a historical "German burden" as a consequence of the Second World War in which an undivided Germany was vanquished?

The forthcoming Honecker visit, fortunately, is a question of life and death neither for Washington nor for Moscow. It cannot be as long as the Germans and their respective allies do not desert the European status quo. To call this into doubt, even in a rhetorical way, as travelling western statesmen sometimes do to please their voters, ignores the evolutionary improvements in Europe in matters of human rights or freer travel.

The psychological and social changes in the East bloc, including the GDR, are more advanced than most people in the West are willing or able to perceive. The communist states are certainly not on the way towards a pluralistic system. But, for example, in the GDR there is a degree of Church intervention in public affairs which was unthinkable 15 years ago. These efforts are geared not so much to unification with the Federal Republic, as towards a reform of East German society; this without throwing into doubt basic principles of the GDR system like the socialised economy.

Undoubtedly, there is a need for reforms in the East bloc, but their success is not certain, and they bring with them a certain unavoidable destabilisation. The West could make the fatal error of trying to exploit these reforms exclusively for its own good. That would dash for a long time chances for positive changes in Europe. Mr Honecker's visit, on the other hand, serves the patient search for compromises. In the interest of the whole of Europe, summits between the two Germanys should become regular events.

The author was the West German representative (with similar status to ambassador) in the GDR between 1974 and 1981.

Letters to the Editor

Re-flagging in the Gulf

From Commander Innes Hamilton

Sir, — President Reagan has done the world's family of nations a disservice by condoning the reflagging of neutral shipping and placing it under the protection of national warships, and it is to be hoped that Britain will not encourage the practice: at best a provocative ruse.

It is impossible to lay down "rules" for combatants engaged in a life-and-death struggle and destruction of each other's oil installations is as "legitimate" or otherwise as any warlike act, but the point now at issue in the Gulf—not a fine point but fundamental—is the ability of the world's neutral shipping to proceed unhindered upon its lawful occasions. To that end it is from the UN that firm leadership should have emanated: that the world family of nations simply will not stand for piracy on (or the mining of) international or neutral waters.

In the continued absence of a world police force behind international law, the UN should have backed its demand with a request to all memberstates for contributions to the maintenance of a UN force to guarantee freedom of passage. National warships comprising such force should fly UN battle ensigns as proudly as they — including the Royal Navy — fly their own; they are acting for the whole world community.

By contrast, to reflag neutral ships and escort them by national warships is to destroy their neutrality and virtually to make them combatants in a war not of their choice. What next if a US carrier is sunk, blazing, with most of her complement?

Our Prime Minister's comment while on holiday in Cornwall that because British ships were at risk we should change our minds re minesweeping was Victorian, to say the least. But General Obasanjo was right. We have already surrendered the moral leadership of the Commonwealth. Our exports to South Africa are deemed more important than the rights of man. The Gulf provides another opportunity for internationalism in a legitimate cause and for the good of all. That, as much as for mere survival, is what my generation fought for.

Innes Hamilton.
Fairway Lodge, South Drive, Virginia Water, Surrey.

NZ butter in the UK

From Mr A. Rosen

Sir, — Mr Ian Robinson (August 28) entirely missed the point I was making about New Zealand butter imports and I can assure him that I certainly do not believe that butter production should be susbidised anywhere.

The point at issue is whether or not it is sensible, either morally or financially, to pay New Zealand to manufacture and ship 74,000 tonnes of butter this year into an already grossly oversupplied British market, when in fact this butter will cost the United Kingdom some three times the amount the New Zealanders actually receive.

The moral debt owed by Britain to New Zealand must be paid but not in a way which is so financially foolish.

Anthony Rosen.
Foxhill,
Elstead, Surrey.

Polarisation is impossible

From Mr S. Chapell

Sir,—It seems to me that the principle of polarisation is, and always was going to be, impossible to adhere to unless and until there is complete separation between the independent intermediary and the appointed representative.

It makes a complete nonsense that an organisation be it a bank, insurance company, building society or other financial institution can be both an independent intermediary and an appointed representative. To take an example the Abbey National Building Society is to become an appointed representative of Friends Provident Life Office. In addition the society is also to have an independent intermediary company, called Abbey National Insurance Services. I have no wish to single out Abbey National, as the same or similar set-up can be found elsewhere in the financial services sector.

Because of the inherent conflicts of interest and the fact that it will almost be impossible to stop a cross-flow of business between the two parts of the one organisation these arrangements should be made unlawful.

Several years ago in the Lloyd's insurance market, the Fisher report advocated the complete divestment of insurance brokers interests in Lloyd's managing underwriting agencies. This was to prevent both perceived and real conflicts of interest and abuses of power. The writer foresees similar abuses of power where, at least in the mind of the general public, there will be no real difference between Abbey National Building Society as an appointed representative and Abbey National Building Society as an independent intermediary. Again, apologies to the Abbey National for citing it as an example.

This issue and the issue of full disclosure of commissions have not been dealt with entirely satisfactorily from the standpoint of investor protection. Undoubtedly, vested interests have shaped the law into what it is today and only time will tell whether the investor is any better served in future than he is today.

Stuart Chapell,
Advisory & Brokerage Services, 317 High Holborn WC1.

The bouncing Welsh

From Mr J. Moss.

Sir, — It was with great interest that I read (August 24) the article concerning the Welsh economy. The prevailing optimism of the article appeared to be based on two sources of evidence; the bullishness of organisations actually designed to promote the attractiveness of Wales; and the empirical evidence of the years since the recession bottomed out in 1981.

While it is indeed true that Wales has grown more rapidly out of the recession, this is not unusual. The business cycle has typically been more volatile in Wales than for the UK as a whole. This has meant that, historically, the growth rate in Wales, between each peak, has had both a lower mean, and greater variation. Thus, Wales falls further in the recession, but rebounds back more strongly than the UK economy. As such, it is not possible to conclude that the strong growth currently felt by the Welsh economy reflects restructuring of that economy, rather it may only be a repetition of past precedent.

In considering the evidence for restructuring, you illustrate in detail industries which account for only 8.9 per cent of Welsh employment, in order to show comparability with employment in Great Britain. This ignores the significant differences which remain in the sectors which have been left aggregated: extractive, other manufacturing and services and construction. In particular, Wales, remains overweight in metal manufacture and public administration and defence, but underweight in banking, insurance, and finance and distribution, catering and hotels, which are among the most rapidly growing sectors of the recent past, and which accounted for 25.41 per cent of employment in Wales, but 30.19 per cent in Great Britain. Indeed, employment in private sector services has been falling in Wales in recent years in contrast to what is happening nationally.

Therefore, while there are indeed signs of resurgence, it would appear premature to conclude that the Welsh economy is entering a new era.

J. S. Moss.
University College,
PO Box 78, Cardiff.

Electoral systems

From Mr D. Dale.

Sir, — As one of the 23 per cent of voters who supported the Alliance in the June election, and who firmly believes that the present policies of both the Conservative and Labour parties are unacceptable, I find your leader of August 28 of no help.

It is high time for the British to show their political willpower and change their electoral system. There are clear signs that the Labour Party is beginning to realise that it is going to remain in opposition indefinitely under first past the post. There is only one honourable way for Labour and the Alliance to put an end to this iniquitous situation and to give the country a government of which the majority approves.

Before the next election these two parties should have an election pact for the sole purpose of introducing proportional representation. They should agree not to oppose each other in any constituency and they should give a firm promise that, if they together gain a majority, they will immediately introduce an electoral reform bill. They should further promise that, as soon as this was on the statute book, they would hold another election. Their pact would then end and they would become free agents again under the new regime of PR.

The country would, in this way, have the opportunity to be rid of minority governments for good.

Douglas H. Dale,
97 Hilderstone Road,
Meir Heath,
Stoke-on-Trent.

Third Heathrow runway

From Mr W. Kelly

Sir,—I agree with Mr Lucking (August 25) that Heathrow needs a third runway, but it would be very difficult to site safely. US experience shows that oddly orientated or closely adjacent runways have significant collision risks.

How about Northolt as the third Heathrow runway? It is probably far enough from Heathrow to be operated separately but close enough to be just another terminal with the consequent ease of interlining. Such a solution would, for once, put the customers first.

W. E. Kelly.
25 Chippingdell,
Witham, Essex.

FINANCIAL TIMES

Wednesday September 2 1987

Nikki Tait and James Buchan *analyse US and UK developments in a major bid battle*

Poker game played over Newmont Mining

T.Boone Pickens: Texas oilman plans $6bn bid.

Rudolph Agnew: chairman of ConsGold which holds a 26 per cent stake.

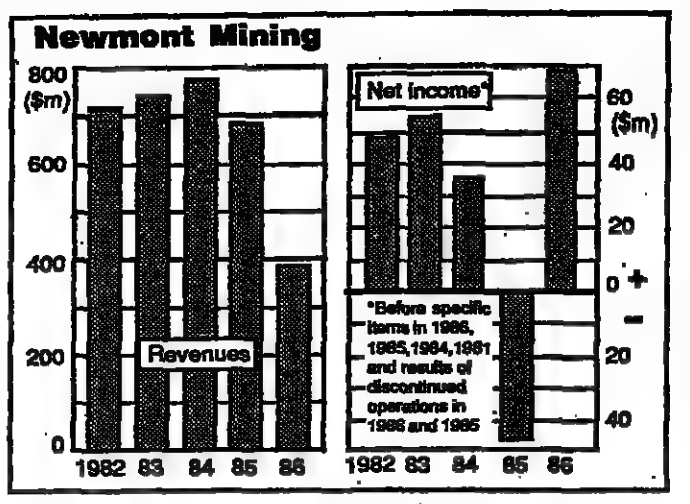
"A POKER game," was how one London analyst summed up developments at Newmont Mining, the US gold mine and natural resources group, where UK-based Consolidated Gold Fields holds a 26 per cent cent stake and Texas oilman, T. Boone Pickens, has revealed plans for a $6bn bid.

"What's more," he predicts, "Newmont will crack last - Gordon Parker (Newmont's chairman) plays a good game of poker."

Both Newmont and ConsGold were keeping their cards close to their chests yesterday. Officially, ConsGold's only response is to repeat the earlier statement of Mr Rudolph Agnew, the chairman, made when Mr Pickens' consortium raised its stake to 9.95 per cent and requested talks with the UK company. This made clear that ConsGold "has faith in the management of Newmont", wants to see retained independence, and does not wish to take control. Beyond that, the UK group concedes only that it is discussing the situation with Newmont, and that it has not been in contact with Mr Pickens.

The history of ConsGold's stake in Newmont has not been entirely happy. In early 1981, the UK company acquired 7 per cent through the market and indicated that it would like something between 26 and 50 per cent. A 26 per cent limit until the end of 1984 was initially agreed - a level ConsGold was close to reaching two years before that.

The UK company has so far stuck at just over 26 per cent, but carefully maintained that level back in June at the cost of some £40m ($65.2m) following a $45-a-share placing by Newmont.



From the UK company's point-of view, Newmont has formed part of the general diversification strategy - *in particular a shifting of investments* away from South Africa. Ten years ago, over half ConsGold's *income came from South Africa.* It is now nearer 20 per cent. In terms of gross income received, ConsGold estimates that the US and *UK account for about 30* per cent each, and Australia the balance.

But Newmont has only recently "come good" - after a series of divestments, a reallocation of resources towards gold and coal, and the spinning off of certain small stakes to fund new investments. The last factor complicates the record, but in share price terms - and helped by Mr Pickens interest - there has been a near five-fold increase over the past year.

Ground-rules governing the arm's length relationship between ConsGold and Newmont, however, have now been changed by the Pickens bid. The 33 per cent limit should lapse *on two grounds: the Pickens* consortium has topped 9.9 per cent and a bid has emerged. However, what does still hold *good - quite crucially - are* Newmont's articles which state that anyone with a holding which tops 20 per cent can block any *rearrangement or disposal.*

That leaves ConsGold with several basic options. Firstly, it can take Mr Pickens' money. Its 26 per cent stake has been built up at a cost of $518m. On the Pickens' terms that becomes worth $1.65bn.

Option two *is* to back Newmont and call Mr Pickens' bluff. In New York the market is not entirely convinced that the Texas oilman and corporate raider can finance a hostile tender offer of around $6bn if, as expected, Newmont Mining ignores or rejects his proposal. Analysts say that even if Mr Pickens is only interested in frightening Newmont Mining into buying him out at a profit, he must show that he can afford to buy *the whole company.*

In an attempt to convince the market, he has paid a $500,000 fee to Drexel Burnham Lambert, *the Wall Street investment* firm.

Although the Drexel Burnham involvement is seen as *significant, analysts point out that* the bid would still be the third largest outside the US oil industry.

The key to the financing is the break-up value of Newmont Mining, and here analysts are divided. Newmont Mining has cash (net of its debt) of over $400m, a valuable portfolio of marketable securities and is set to become the largest US gold producer next year.

Mr William Siedenburg, a respected analyst at Smith Barney, believes Newmont Mining *can be broken up for little more* than $100 a share. Even at those levels he believes the valuation depends on the market's tremendous enthusiasm for the company's Newmont Gold subsidiary, valued at 45 times its annual earnings.

The danger in that strategy is that Mr Pickens will head for the 20 per cent level himself - and be in an equally significant blocking position.

Finally there is the third option - either a full bid from the UK group or for some sort of poison pill from Newmont. For ConsGold to buy out the remaining 74 per cent would cost about £3.7bn. Feasible if Newmont was subsequently broken up with ConsGold retaining the gold mine interests, but unlikely given the inevitable funding problems and potential dilution.

Philippines forces chief calls for urgent talks

By Roger Matthews in Manila

GEN FIDEL RAMOS, Chief of Staff of the Philippines armed forces, yesterday appealed over the heads of the country's politicians to the general public for a *non-partisan effort to stabilise* the nation in the wake of last week's attempted coup.

In a statement addressed 'to our people,' Gen Ramos said consideration of all other issues had to be put off while a co-ordinated series of immediate and long-term plans were put into effect.

He called for an urgent meeting of the National Security Council to which the leaders of the newly elected Congress would be invited but admitted that this was a personal initiative which he had not discussed with President Corazon Aquino.

He said that last weekend's events had reduced the capacity of the military to confront the most potent threat to the nation posed by the Communist Party and its armed wing, the New People's Army. To this threat, and that of the Moslem secessionists in the south, had been added the rebel officers, who, according to Gen Ramos, were setting up a provisional government *under a military junta.*

He called for strong civilian support for the armed forces and said that the issue of soldiers' pay warranted the highest priority. Gen Ramos had already demanded a 60 per cent pay increase for his men and revealed that in the Government's proposed budget for next year it planned to cut defence spending from 7.2 per cent to 6 per cent. Present pay levels left most troops at about the official poverty line, he said.

Gen Ramos has been heavily criticised by advisers close to Mrs Aquino who are privately accusing him of failing to sort out the problems within the military establishment. He is also understood to be deeply worried about the extent of the divisions within the army and the lack of urgency shown by Government and Congress to begin tackling their root causes.

Asked if he expected another coup attempt, Gen Ramos replied that, while the main infection within the armed forces *had been removed, other* troubled parts possibly remained undetected.

UK overseas trade deficit widens as imports surge

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

A RENEWED surge in imports left Britain's overseas trade in deficit for the third consecutive month in July despite signs of an improvement in industry's export performance.

The Department of Trade and Industry said that the country's visible trade showed a deficit of £910m ($1.47bn) in July, up from £740m in June. The shortfall was only partly offset by an estimated £600m surplus on invisible trade - net receipts from activities such as tourism, shipping and insurance.

That left the current account of the balance of payments with *a £310m deficit, confirming* the deterioration apparent over the last three months after a healthy surplus between January and April.

News of the increased deficit initially unsettled London's financial markets, but both the pound and share prices quickly shrugged off early losses as the focus of market attention switched to a further weakening in the dollar's value.

Many City economists remain concerned about a further worsening of the trade position if the economy continues to grow at its recent rapid rates. Those fears have been compounded by 'a surge in credit demand, confirmed yesterday in final figures for the growth of the money supply in July.

There is little expectation, however, of any immediate action from the authorities to dampen demand through higher interest rates. Officials were pointing out yesterday that little had changed since last month's decision to raise rates to 10 per cent.

Monthly trade figures are notoriously erratic and a sharp jump in imports in July to £7.7bn from £7.1bn in June may overstate the extent of the *recent surge. There are strong* indications, however, that the buoyant growth of Britain's economy relative to the rest of the world is now being reflected in accelerating imports.

Taking the latest three months together and excluding oil and erratic *items,* the volume of imports was 8 per cent higher than in the previous three months and 10 per cent above a year earlier. The increase was spread fairly evenly between consumer, intermediate and capital goods, although there was a particularly strong jump in imports of cars ahead of the new August registrations.

By contrast, non-oil exports have fallen by 1.5 per cent in volume terms over the last three months, to stand at around 6 per cent higher than a year ago. Exports did rise sharply in July but the Department said that the underlying trend appears to be flat, albeit at the high levels reached at the end of 1986.

The money supply figures, published by the Bank of England, confirmed preliminary data *showing* that both the narrow and the broad money supply measures showed rapid growth in July. Bank lending, a key component of the broad money supply measure M3, increased by a massive £4.9.

Mr John Smith, Labour's Shadow Chancellor, described the latest trade figures as "deeply disappointing". He said that they showed that the "cynically manoeuvred consumer boom" was benefiting Britain's competitors and not the domestic producers.

Mr Smith felt that they showed an accelerating trend into deficit and the need for a proper long-term strategy for British industrial recovery.

Editorial comment, Page 20

US and UK banks 'trail Japanese rivals'

By Stephen Fidler in London

BRITISH AND US banks are falling rapidly behind Japanese banks in their ability to compete in financial markets, says a report by a London-based bank analysis company.

The IBCA Banking Analysis report says this competitive advantage of Japanese banks stems from their strong financial position.

This contrasts with US and UK banks, whose competitive position has been weakened by *their slowness in building up a* cushion against loan losses to problem Third World debtors.

The financial strength of Jap*anese banks has improved over* the last two years because of their large equity holdings in the sharply-rising Japanese *stock market, the report said.* These holdings, have a much higher value in the stock market than shown in the banks' balance sheets.

"As potential competitors, the Japanese appear frighteningly strong," the report concludes.

IBCA said the US and UK banks may have appeared to be leading the world in building up protection against losses on Third World lending following the big additions they announced to loan-loss reserves in the second quarter. "In fact they are trailing other banks in the developed world," it said.

The report said that US banks are insisting their decisions to boost loan loss reserves had no effect on shareholders' equity. "Technically, this is true but it ignores the fact that no mildly intelligent individual would dream of agreeing that reserves for LDC (less developed country) debt should be part of primary capital, and we have little doubt that regulators will soon change their definitions of primary capital."

The big loan-loss provisions pushed the US banks' equity-to-asset ratios - an important measure of a bank's financial strength - to levels which IBCA viewed as too low.

"It is interesting to note that for some years US banks have complained that the competition from major foreign banks, such as those of Japan and France, was unfair as these banks were permitted to maintain lower capital ratios. Unfortunately, the US banks, with few exceptions, have now moved down towards the French and Japanese," it said.

De la Madrid silent on reserves

BY DAVID GARDNER IN MEXICO CITY

PRESIDENT Miguel de la Madrid of Mexico last night tried to calm fears about his government's response to record inflation and record levels of foreign reserves. But he made no reference to any plans to use reserves to repurchase the country's debt.

Mr de la Madrid stressed, in his fifth and penultimate state of the nation speech, that reserves would not be used in an "impatient" or "unbalanced" manner. He also said that the Government would not resort to a South American-style shock programme to stop inflation, which he indicated was now at an all time peak rate of 130 per cent.

"A responsible Government rejects economic management that only seeks to achieve apparent progress during its own mandate," said Mr de la *Madrid,* whose six-year-term ends in December 1988.

"The goals that we have proposed *in both growth and inflation* are moderate, because we know that in the present conditions only gradual changes will permit lasting progress."

Mexico's reserves grew by more than $10bn over the last year, to $14.59bn, Mr de la Madrid announced. Most of this was accumulated from foreign loans, repatriated flight capital, and an unexpectedly strong export performance.

Despite indications from officials that Mr de la Madrid might announce plans in Tuesday's speech to pre-pay part of Mexico's $103bn foreign debt, the advance text contained no reference to such proposals.

Reports persist, however, that the Government may buy back several billion dollars of public debt at the 50 per cent discount offered by the secondary market.

Mr de la Madrid reiterated calls for "concessions" from foreign banks and said debt relief plans would be discussed at a meeting of eight Latin American countries here in November.

Yet he stressed Mexico's opposition to "confrontation" with creditors and to "populist measures that postpone effective progress" - an apparent reference to the unilateral servicing imposed by President Alan Garcia of Peru who will be among the presidential visitors.

"It would be unrealistic to expect the debt problem to be completely resolved in a *few* years," he said, noting that Mexico's government debt has grown by a net $15.7bn since he took office in December 1982.

"Nonetheless, we can be reasonably satisfied with what we have achieved so far."

In April Mexico concluded negotiations for $12bn in new loans. The President said that to date Mexico had drawn down $5.6bn, of which $3.5bn came from private banks and the remainder from government and multilateral lenders.

He gave no indication whether Mexico's unexpectedly strong foreign reserves position had altered *its* original plans to borrow the full $12bn by early next year.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	-	-	Dubrovnik	-	-	-	Malta	-	-	-	Rhodes	-	-	-
Algiers	C	28	82	Edinburgh	-	-	-	Manchester	-	-	-	Rio de J'o	R	28	82
Amsterdam	-	-	-	Faro	-	-	-	Manila	C	29	84	Rome	S	34	93
Athens	S	32	90	Florence	-	-	-	Melbourne	F	11	52	Salzburg	-	-	-
Bahrain	S	37	99	Frankfurt	S	22	72	Mexico City	C	24	75	San Francisco	C	22	72
Bangkok	S	33	91	Funchal	-	-	-	Miami	C	34	93	Seoul	S	27	81
Barcelona	-	-	-	Geneva	S	26	79	Milan	-	-	-	Singapore	S	32	91
Beirut	S	28	82	Gibraltar	-	-	-	Montreal	C	27	81	Stockholm	S	17	63
Belfast	-	-	-	Glasgow	-	-	-	Moscow	C	14	57	Strasbourg	-	-	-
Belgrade	S	29	84	Guernsey	-	-	-	Munich	-	-	-	Sydney	C	17	63
Berlin	S	21	70	Helsinki	C	14	57	Nairobi	F	26	79	Taipei	S	33	91
Biarritz	-	-	-	H. Kong	F	31	88	Naples	-	-	-	Tangier	-	-	-
Bombay	C	30	86	Innsbruck	-	-	-	Nassau	-	-	-	Tel Aviv	S	30	86
Bordeaux	-	-	-	Inverness	-	-	-	New Delhi	S	33	91	Tenerife	F	28	82
Brussels	C	26	79	Islamabad	S	36	96	New York	C	25	77	Tokyo	S	35	95
Budapest	S	25	77	Istanbul	S	30	86	Nice	-	-	-	Toronto	C	23	73
B. Aires	S	17	62	Jakarta	S	34	93	Nicosia	S	36	97	Tunis	S	37	99
Cairo	S	34	93	Jersey	-	-	-	Oporto	-	-	-	Valencia	S	30	86
Cape Town	S	15	59	Jo'burg	S	25	77	Oslo	C	19	66	Venice	-	-	-
Caracas	C	29	84	Lima	C	20	68	Paris	S	27	81	Vienna	C	23	73
Casablanca	F	25	77	Lisbon	R	24	75	Peking	-	-	-	Warsaw	S	17	63
Chicago	C	22	72	London	C	23	73	Prague	S	19	66	Washington	-	-	-
Cologne	-	-	-	Los Angeles	-	-	-	Reykjavik	C	10	50	Zurich	-	-	-
Copenhagen	F	14	57	Luxembourg	-	-	-								
Corfu	S	30	86	Madrid	C	28	82								
Dallas	-	-	-	Majorca	-	-	-								
Dublin	C	20	68	Malaga	-	-	-								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Korean leaders in talks on detainees

BY RICHARD GOURLAY IN SEOUL

LEADERS of South Korea's main political parties meet today in a bid to make a break*through over the thorny question* of opposition demands for the release of about 200 political prisoners. Their continued detention could *stall further* progress towards the first free presidential elections since 1971.

On Monday, Government and opposition members of the assembly agreed constitutional revisions after a month of discussions, thereby negotiating one of many important hurdles that must be cleared before the elections.

In today's talks, the ruling Democratic Justice Party's presidential candidate, Mr Roh *Tae Woo, and the president of* the Reunification and Democracy Party, Mr Kim Young Sam, are supposed to agree a timetable for the elections.

However, before elections can take place a referendum to approve the revised constitution must be called and the election code must be rewritten by the national assembly.

Today's meeting is likely to be dominated by efforts to find a compromise over political prisoners. Last month Mr Roh said the remaining 200 or so political prisoners were subversives or communists and could not be released.

The opposition, led by the RDP's special party adviser, Mr Kim Dae Jung, who was imprisoned and sentenced to death for alleged political crimes, is "insisting" they are released.

However, the opposition has fallen short of saying that their release is a condition for further progress towards the elections later this year. Mr Kim Young Sam is anxious to ensure nothing prevents the elections from going ahead as soon as possible.

THE LEX COLUMN

Smiling through the deficits

There is no mystery about why the equity market went up yesterday. It did because sterling *did. Why on earth sterling rose* in response to a decidely poor set of trade figures is quite another matter. Maybe Mr Lawson has succeeded in convincing foreign investors of his hard-line attitude to overheating, though that would carry the *slightly depressing implication* that sterling is being bought in expectation of another point on base rates. Or perhaps the weekend Iraqi air strikes created demand for sterling as a petrocurrency. Or perhaps, with the dollar the focus of attention, *sterling simply drifted up by default.*

At any rate, the remarkable strength of equities yesterday suggested that if UK industry is learning to live with a strong currency, the markets may be learning to live with a persistent deficit in the current account. Granted, the details of the trade figures did not support the overheating argument. More importing is being done by industry, apparently for capital investment, and the strength of the exports figure suggests a real increase in output. But the overall picture is still one of an economy growing at around twice the rate of its OECD partners, and facing deficits of upwards of £200m for perhaps several months to come.

Despite that, there was a distinct feeling yesterday of confidence trickling back into the equity market, though volume *was still very low. Those who* sold the September FT-SE 100 contract to a 25 point discount ahead of the figures had to *watch it rise to a premium by* the afternoon. It remains stubbornly unclear, though, whether equities are cheap on a pro*spective multiple of 14 or dear* on a yield of less than a third of long gilts.

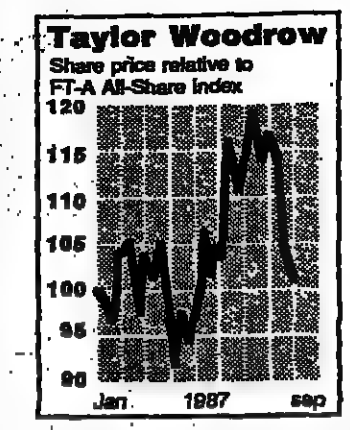
Newmont

There is probably only one fact that can be taken for granted in the Anglo-American mining industry's late summer poker game: Mr T. Boone Pickens does not want to end up running Newmont Mining. Beyond that all is intrigue and rumour. But two diametrically opposed schools of thought now seem to be emerging through the fog - and the good news for shareholders in Consolidated Goldfields (which holds 26 per cent of Newmont) is that they benefit from both of them.

The first story suggests that Pickens has made no clear assessment of the opposition and is destined for another singeing. Even if he could raise the finance for a full bid the $700m interest bill would so weaken his hand at the subsequent auction that most of Newmont's supposed asset value premium might prove hard to realise. Assuming, on the other hand, that he merely wants to be bought out at a $30 a share profit, he may have underestimated the highly political cross-ownership system of the mining houses. The miners may not like each other much, but they are almost certain *to* dislike Pickens more, and it would not be difficult for Newmont with the blessing of ConsGold (with the blessing *of* Minorco) to lock out the upstart and watch him sweat.

Alternatively, could it be that Pickens has found his touch *again? As Newmont offered* its own shares to investors at only $45 each two months ago, it may now be difficult to argue that *$95 (or even rather less) is inad*equate. And who could be entirely sure that a newly confident ConsGold (perhaps *prompted by Minorco) would* not have some use for the Pickens cash, even after tax, or could not be tempted to join the carve up? Perhaps. But an asset swap between Newmont and ConsGold leaving Pickens out in the cold seems far more likely.

Taylor Woodrow



The behaviour of Taylor Woodrow's share price over the last six months says more about the short-term fashion consciousness of the teams of talented, resourceful and hard-working men and women who follow the company in the City than its underlying performance.

Its shares roared ahead of the market throughout the late spring and early summer as analysts opined that if the growing property business was stripped out, investors could buy into the group's traditional construction *operations very cheaply.* However, this cosy scenario was soon replaced by concerns about the effect of rising inter*est rates* on the group and since the market peaked in mid-July, Taylor Woodrow's shares have massively underperformed, *whereas the shares of rival* Costain have moved ahead.

Yesterday's modest 5.6 per cent rise in first half pre-tax *profits to £21.2m did not help* matters and the shares slipped another 13p to 413p. There was a £1.8m turnround into losses at *the associated company level* - primarily reflecting higher losses at Seaforth Maritime - and the company's overseas contracting *businesses are still* struggling to earn decent returns. Nevertheless,the group seems certain to report its 27th year of record earnings *in* 1987 and should easily top £70m next year. But this is not enough to impress the more flighty analysts, who would *love* to see some excitement such as the sale of a major stake in its "crown jewel" development at St Katherine-by-the-Tower. Taylor Woodrow gives no indication that it is about to oblige.

Templeton, Galbraith

It must be a touch dispiriting for a fund management company, on reporting half year profits up by 25 per cent, to look back on a steep underperformance by its own shares over most of the same half year. There may be some truth in Templeton, Galbraith's contention that it is not yet fully understood by London investors. More important, its sterling performance reflects the fact that some 90 per cent of its income is dollar-denominated, though its relative recovery just lately may also recognise the defensive strength of its conservative investment policies.

Although that conservatism cost Templeton the last year of outperformance by the Tokyo *market, its present 60 per cent* Wall Street weighting is consistent with its global approach. If you believe that multiples of US and Japanese stocks *are going* to converge, it makes sense to buy on 15 times earnings rather than 30. Meanwhile, the shares at 271p - down 9p yesterday - are on a 15 times prospective multiple of their own. This is well below some others in the fund management sector, including Ivory & Sime, which also missed out on Tokyo for similar philosophical reasons. Perhaps these two will converge as well.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday September 2 1987

Dai Hayward charts the revitalisation of New Zealand's flag carrier

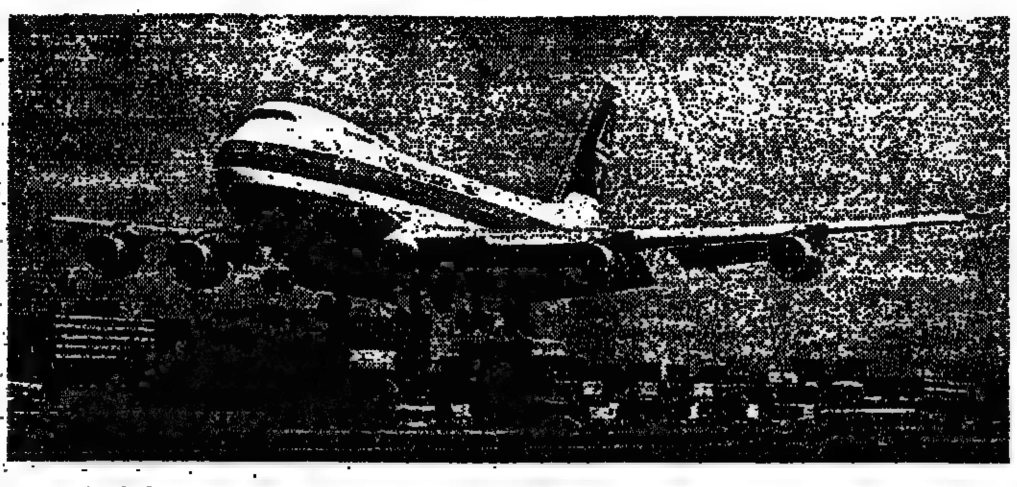
Air NZ plots direct route to growth

AIR NEW ZEALAND is well placed as a candidate for privatisation by the recently-re-elected Lange Administration.

The national flag carrier has recently reported record pre-tax profits of NZ$210.5m (US$126.2m) – the fourth year in succession that the airline has earned more than NZ$100m.

Over the past three years, its net profit as a percentage of revenue has averaged 12.3 per cent, while the average for other Iata airlines over the same period was only 1 per cent.

Why is it this airline, operating from a remote, small home base in the South Pacific, with long-route distances, can perform so profitably, while many larger competitor airlines are struggling?



Staffing levels for cabin crew in Air NZ services are higher than on other airlines, but it claims that what might be regarded by some managements as an unnecessary cost is an important contributing factor to its financial success, attracting passengers through better passenger service.

None the less, when the airline was in serious financial trouble five years ago, it became the first New Zealand company in many years to face up to the need for large-scale redundancies. It shed 23 per cent of the staff, while managing to avoid problems with the trade unions.

That followed a reorganisation of the management, bringing a new policy which put the emphasis on productivity, more participation and responsibility for staff and lower level management, long-term strategic planning and strong leadership.

The revitalisation of Air NZ began with the arrival of Mr Norman Geary as chief executive in February 1983. By March that year, a new management team was in place.

In May it had a new management plan from which to work. In June the company had reached retrenchment agreements with the unions.

Within three months the airline was making its first profit for five years. Staff co-operation and productivity have been key elements in the continued success.

Senior Air NZ executives criticise the padding from which they believe most of the world airline industry still benefits after decades of high growth. Air NZ has managed to adjust quickly to vastly changed circumstances in the industry.

The company has increased the use of its Boeing 767s – an aircraft selected for its versatility – from 11 to 15 hours a day. The planes can relieve pressure on short domestic routes, can operate across the Tasman Sea to Australia, or can be used to fly one of the longer routes to Singapore or Tahiti.

World use of the Boeing 747 last year averaged 10 hours a day. Air NZ flies its 747s for 16.3 hours. At the same time, maintenance and service are said to be carried out more frequently than at some rival airlines. This has helped Air NZ to sell its second-hand aircraft at a substantial profit.

Profitability per employee, measured on a revenue load factor, has increased almost exactly 50 per cent since 1983. Last year revenue passenger kilometres increased 14.4 per cent – well above the world average.

Air NZ believes that, in the current era of low growth, successful marketing is crucial. The airline keeps its internal services full, with a range of special fares for the elderly, group travel and other inducements to fill seats in off-peak periods.

Last year it carried 2.9m passengers on domestic services – compared with a total population of 3.2m. International route passengers totalled 1.4m.

Yet Air NZ is feeling keener competition. With the opening up of many international air routes, several larger airlines, including Continental, British Airways, Qantas, Japan Air Lines, Cathay Pacific and Singapore Airlines now fly to New Zealand.

Air NZ is rated only 35th in terms of world turnover. It disclaims any ambition to fly all over the globe, but it has carefully planned an expansion programme which will suit its particular type of service.

Later this year it starts flying direct from New Zealand to Dallas in order to cut its reliance on other airlines to feed Air NZ's passengers to Los Angeles for connections with Air NZ. It also plans a service to Frankfurt.

Pearson buys new FT home for £74m

By William Cochrane in London

THE FINANCIAL TIMES is to move south of the River Thames to a site facing the City of London, in a £74.4m ($121m) deal which reflects the shortage of City office developments scheduled for completion within the next two years.

Pearson, parent company of the FT, said yesterday that it had bought Regalian Properties' Horseshoe Court development which is currently under construction on Bankside, on the south eastern corner of Southwark Bridge.

The 155,000 sq ft building is expected to meet the needs of the FT for the foreseeable future. It was chosen in preference to locations in Tottenham Court Road in London's West End, City Road to the north of the City of London, and the Royal Mint to the east of Tower Bridge.

Mr Frank Barlow, chief executive of the FT, said last night that the decision to buy Horseshoe Court, and the price agreed, was influenced by the fact that there were already prospective tenants for the building at rents up to £34 per square foot, indicating an annual rent roll of over £5m.

An institutional investor might not have been willing to pay as much for the building on a pure investment basis, said Mr Barry Lamb, one of the senior partners of agents St Quintin, which advised Pearson on the deal. However, he said, there was ample precedent for owner-occupiers paying a premium for space in a time of extreme shortage.

At the height of the last property boom in 1972/1973, he said, owner-occupiers were prepared to pay a quarter, or even a third more than institutional investment values to "see off" the competition, he recalled.

Varity records small second-quarter loss after European cuts

BY DAVID OWEN IN TORONTO

VARITY, the Canadian farm equipment and industrial engine maker which changed its name from Massey-Ferguson in 1986, yesterday posted a small second quarter net loss after taking into account charges related to a pruning of its European labour force.

However, on an operating level the company was profitable in the latest period, continuing the improving trend of the year to date.

Overall, the net loss for the quarter was US$3.8m or four cents a share against a profit of $9.1m, also four cents a share, in 1986. Sales were sharply up on a year ago at $461.7m, due mainly to the acquisition last December of Dayton Walther, an Ohio-based automotive components and building supplies company.

In the last three months, the company incurred charges of $6.3m, bringing to $16m its 1987 outlay to reduce its workforce. Varity is cutting more than 1,700 jobs, or some 10 per cent of its worldwide employees as part of a programme to reduce operating costs.

The company said its Massey-Ferguson unit raised market share and reduced operating losses, despite a largely hostile environment which saw global farm tractor sales slump by almost 4 per cent in the first half of 1987.

In addition, shifting currency values and aggressive discounting in North American and European farm machinery markets put severe pressure on margins, according to Mr Victor Rice, chairman.

Varity's other major businesses – Perkins diesel engines, Dayton Walther and MF Industrial machinery – were profitable in the second quarter.

For the six months ended July 31, *the company lost $17.6m or 14 cents* a share on sales of $915m. This compares with a profit of $15m or six cents on sales of $698m in the same 1986 period.

Consob issues sharp warning to accountants

BY ALAN FRIEDMAN IN MILAN

THE CONSOB, Italy's stockmarket regulatory authority, has issued a sharp warning to accountancy firms to improve the quality of their auditing of balance sheets and to take steps to remain more independent of the companies they audit.

The scolding, contained in a letter to Assirevi, the association of Italian accountancy firms, singles out for special criticism the practice whereby auditors approve the balance sheets of companies and work at the same time as financial consultants to these companies.

The auditors have also been told to increase the rigour with which they perform their work.

Although accountancy standards in Italy have improved dramatically in recent years, and major international firms have built up a thriving business since the 1970s, Italian balance sheets still fall short of their US or British counterparts in terms of the level of disclosure.

Two of Consob's guidelines to companies have still to be followed by several medium and even large concerns – these are the consolidation of balance sheets and the timely reporting of half-year results for quoted companies.

Pharmacia to launch AIDS test

BY SARA WEBB IN UPPSALA

PHARMACIA, the Swedish biotechnology and pharmaceuticals group, plans to launch an AIDS test next year which preliminary trials had shown to be 100 per cent effective in detecting antibodies for both the HIV-1 and HIV-2 viruses.

The tests were developed by Syntello, a research group in Gothenburg, Sweden, and financed by the Swiss company Virovahl SA. Pharmacia recently agreed with Virovahl to acquire worldwide marketing rights to the tests.

Pharmacia said it had completed "an important preliminary step" in evaluating the tests and planned largescale trials in Sweden and elsewhere.

So far, AIDS tests have mainly been used for screening large quantities of blood. Pharmacia estimates that about 60m screening tests were carried out in 1985

The group expects the biggest growth to occur in diagnosis, reaching about 10m tests in 1988

"We are convinced that this test is better than all the other tests on the market today," said Mr Erik Danielsson, managing director of Pharmacia. The company says the tests can detect antibodies against the HIV-1 virus and the HIV-2 virus (which was discovered last year), and have not given false positive reactions in preliminary trials.

Both viruses can cause AIDS Mr Danielsson said, and the launch of the tests – initially in France, Italy, the UK and Scandinavia – should cut the number of "false alarms".

Hudson's Bay setback

BY ROBERT GIBBENS IN MONTREAL

HUDSON'S BAY Company, Canada's largest merchandising group, is showing continued losses despite a major restructuring and asset disposals totalling nearly C$500m (US$382) in the first half ended July 31.

The Bay, controlled by the Kenneth Thomson interests of Toronto, reported a six-month operating loss of C$42.4m or C$1.91 a share, against a loss of $62.8m or C$2.48 a share a year earlier, on revenues of C$2.26bn against C$2.45bn. The results exclude special items.

The second-quarter operating loss was C$17.9m or 84 cents a share, against C$10.3m or 51 cents a year earlier, on revenues of C$1.08bn against C$1.29bn.

In the first-half, the Bay sold its fur trading divisions, its northern stores, its wholesaling divisions and control of Canadian Roxy Petroleum, reducing debt by more than C$450m. In June Mr George Kosich, executive vice president, took over as president

Ericsson seeks links with Telit

BY SARA WEBB IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics group, is seeking to strengthen its position in the Italian market by forging close industrial ties with Telit, the Italian telecom holding group which brings together Italtel, the Italian state-controlled telecommunication equipment company, and Telettra, Fiat's data transmission subsidiary.

Senior executives from Ericsson, including *Mr Bjorn Svedberg, group chief executive* officer, Mr Hans Golteus, vice-president, Mr Hans Werthen, group chairman, and Mr Bo Landin, senior vice-president of marketing, have been holding "serious discussions" over the past three or four months with representatives of Stet, the Italian state holding company, including its chairman Mr Juliano Graziosi, with the aim of "concluding a common objective for long-term collaboration" in various areas.

The Swedish and Italian sides have been looking at possible co-operation for advanced networks for business communities covering the transmission of voice, data, text and images as well as certain features from the public network.

"We already have the basis for the equipment and software, but together with *Telit* we could develop these further," said Mr Golteus.

Both sides have discussed co-operation in the area of transmission equipment such as fibre optics, with a view to sharing development costs in a field which normally has a short technological lifetime.

Ericsson said that earlier proposals for some form of share exchange between Ericsson and Telit had not been ruled out, but that the industrial collaboration agreement would have to come first. Mr Svedberg said that Ericsson was not seeking a *rapid solution* but that "playing the Italian card was essential."

Ericsson has not committed itself to a particular solution but is considering the possi*bility of setting up either* a European holding company or joint venture which would involve *Telit and possibly* Telefonica, the Spanish PTT. "It is very likely that if we try to find a *European solution* it would include Spain," said Mr Golteus.

The main supplier in Italy is Italtel with over 50 per cent of the market, compared with Ericsson's claim to 20 per cent of the market. Ericsson is pursuing the possibility of collaboration in the European telecom industry in order to share development and marketing costs while increasing its market share, particularly in Italy.

Renault truck side climbs out of the red

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN NICE

RENAULT VEHICULES Industriels, the state-owned French group, made a consolidated net profit of FFr 30m ($5m) in the *first half of this year, the first* time it has been in the black since it was formed from the *merger of the* Saviem and Berliet companies in 1974.

RVI would also make a modest profit—"*but not much*"—for 1987 as a whole, said Mr Philippe Gras, the chairman, yesterday.

This follows the recapitalisation of RVI in June, which in part involved the parent Renault company injecting FFr 2.8bn of new capital. Most of the new cash was used to reduce RVI's debts, thus saving an annual FFr 200m in interest *payments, while FFr 800m* was a down payment on the 42 per cent of Mack Trucks of the US previously held by Renault.

Mr Gras said that in future Mack's contribution would be included in RVI's consolidated results. In the first half of this year RVI and *its subsidiaries* incurred a loss of FFr 50m (FFr 460m loss in the same period of 1986) while Mack contributed a profit of FFr 80m.

Both RVI, which would make profits in excess of FFr 50m in the second half, and Mack would continue to be profitable in the second half, said Mr Gras, *during the launch of the group's* heavily-revised medium trucks. So RVI would be one year ahead of schedule in its recovery programme which envisaged break-even in 1988.

The improvement arose mainly from RVI's cost-cutting programme. This would continue and the workforce would be reduced to 19,000 by the end of this year from 23,700 at the end of 1986.

The company was also helped by better-than-expected increases *in vehicle production.* In the first half RVI's output rose by 8.6 per cent to 24,722 vehicles and *Mr Gras forecast* at least 43,000 *for the* full year compared with 41,300 in 1986.

Mack's first-half output rose from 7,024 to 8,112 and it should also beat the 1986 production of 21,000.

Mr Gras said that, *of* RVI's two major subsidiaries, Spain would show a net profit this year but he did not expect the UK operations to break-even until 1988.

Mannesmann shows decline in first half

By Our Financial Staff

MANNESMANN, the West German engineering and steel group, suffered a decline in first-half group profit following a 10 per cent fall in turnover to DM 6.75bn ($3.73bn) from DM 7.46bn a year earlier.

The group traced the profit *drop to sluggish demand for* capital goods in Germany, continuing losses in its steel pipe lines, and deteriorating conditions in Brazil, where it has a large subsidiary

The seemless steel pipe unit remained the company's main source of trouble in the six months. It said efforts to trim losses by cutting costs and raising prices are likely to pay off only in the current half-year.

Price freeze hits Esselte result at six months

BY OUR STOCKHOLM CORRESPONDENT

ESSELTE, the Swedish office supplies group, reported a 5.8 *per cent fall in profits (after* financial items) to SKr 326m ($51m) in the first six months *of 1987 and said that the results* had been affected by the price freeze in Sweden earlier this year and the continued high development costs of its pay-TV project which peaked during the first half of 1987.

Esselte said that the pay-TV project was proceeding according to plan and that the number of subscribers was growing steadily, but warned that profits for the full year would once again be charged with substantial costs arising from the project.

Sales rose by 12.7 per cent to SKr 6.04bn and were boosted *by recent acquisitions — once* figures are adjusted for these acquisitions, the increase *amounts to 6 per cent.*

Esselte forecast that both salse and earnings would "rise *somewhat more rapidly* than in 1986" with a recovery in earnings expected both in Sweden and abroad during the second half of this year.

The company said that Esselte Business Systems (the US subsidiary in which it now has a 78 per cent stake, and which last year accounted for 60 per cent of group sales) showed a 17 per cent increase in profits in dollars.

Huhtamaki plans German purchase

By Olli Virtanen in Helsinki

HUHTAMAKI, the Finnish diversified industries group, plans to acquire Bellaplast of West Germany, Europe's lead*ing manufacturer* of thermo formed polystyrene products.

Polysar of Canada is selling Bellaplast, *which has production* facilities in Germany and sales companies in the UK and Holland. It has total sales of DM 150m ($83m).

Huhtamaki plans to increase its capital from FM 290m up to FM 404m ($92m).

The group's interests include food, drugs and packaging industries. Its first half 1987 sales increased by 6.4 per cent to FM 2.21bn.

Erbamont to bid L600bn for rest of Farmitalia

By Alan Friedman in Milan

TRADING IN shares of Farmitalia Carlo Erba, the Milan-based pharmaceuticals subsidiary of the Montedison group, was yesterday suspended on the Milan, Brussels and Antwerp stock exchanges, at the company's request.

Farmitalia is 75 per cent owned by Erbamont, the main Montedison pharmaceuticals holding company that is registered in the Netherlands Antilles and quoted on the New York Stock Exchange.

Montedison said yesterday that the Farmitalia shares had been suspended because Erbamont plans shortly to make a public offer for the outstanding 25 per cent of Farmitalia held by outside investors. The market value of this shareholding is around L600bn ($458m), but Montedison is expected to pay a premium of around 20 per cent, which would mean a total expenditure of around $549m.

While Erbamont is principally a holding company, Farmitalia is the operating subsidiary that is active in research and the manufacture of a range of pharmaceuticals and is a world leader in the production of several anti-cancer drugs used in chemotherapy treatment. Farmitalia's 1986 sales totalled $542.6m, while Erbamont's total revenues came to $950.4m. The net income of Erbamont last year amounted to $81.1m.

Montedison did not say how Erbamont plans to finance the deal. But an executive denied market rumours that Mr Raul Gardini, whose Ferruzzi agribusiness empire has effective control of Montedison with a 40 per cent share stake, has any plans to hive off or dispose of Erbamont.

Earlier this year Montedison paid $450m to buy Antibioticos, a Spanish producer of bulk pharmaceutical intermediates, and the plan is to integrate this business with Farmitalia. At present Antibioticos is 60 per cent owned by the Montedison parent company and 40 per cent by Farmitalia.

Addidas says profits not satisfactory

By Haig Simonian in Frankfurt

GROUP TURNOVER at Addidas, the West German company which is the world's largest sports shoe and clothing manufacturer, rose by 3 per cent to DM 4.1bn ($2.26bn) last year.

The group says it is satisfied with the increase in sales, which went up by 10 per cent domestically, especially in view of the effect of exchange rate factors on its foreign turnover.

However, group profits were "not quite satisfactory," it said, although domestic earnings had improved slightly.

The group increased investment by *DM 14m to DM 74m* last year. Group liquidity rose to DM 98m from DM 69m in 1985 as a result of capital inflows connected with the purchase of its US and UK distributors.

Norsk Hydro rating cut

By Stephen Fidler

THE SHORT-TERM debt of Norsk Hydro, the Norwegian state - controlled industrial group, has been downgraded by Euroratings, the recently-formed credit assessment agency based in London.

The agency said the downgrading, to E-2 plus from E-1, resulted from a reassessment of the Norwegian Government's attitude toward state-controlled entities following problems at Kongsberg Vaapenfarik, the defence company.

This meant that government support for some state-controlled companies would be weaker than for others, and suggested that Norsk Hydro, which did not participate in the rating process, should be viewed alone rather than as a government unit, it said.

Spanish store group ahead

By David White in Madrid

EL CORTE INGLES, the department store group which leads the Spanish retail sector, registered a net profit of Pta8.1bn ($66.5m) for the year ended February, 1987.

The 7.6 per cent profit rise was on group sales up by 16.5 per cent to Pta334bn, net of value added tax, compared with Pta303bn.

Mr Ramon Areces, the group's 82 year old chairman, who founded it in the 1930s, said the results would permit it to continue to extend its network. Besides building new stores in Spain, El Corte Ingles has recently also set its sights on the Portuguese retail market.

Greek state-backed issue reopens D-Mark sector

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

PUBLIC POWER Corporation of Greece yesterday reopened the D-Mark Eurobond market after a five-week absence of new straight issues. Its DM 150m bond, however, met a very cautious reception.

Greece, which guarantees Public Power's borrowings, has become a more frequent borrower on the international capital markets since returning last year with a series of loans after economic troubles had forced it to obtain financial assistance from the European Community.

Several syndicated loans and three *D-Mark bonds issued in* February and May this year by the Bank of Greece have been well received. Dealers said yesterday that terms of the latest issue were quite tight and that the German market's tone was still hesitant.

Dresdner Bank led the seven-year deal, which was priced at 99¾ with a 6¾ per cent coupon. The issue was bid at discounts slightly wider than its 2¼ per cent commissions.

The German market has suffered this summer from uncertainties *about the direction* of the D-Mark *amidst* nervous and volatile currency markets. In addition, swap rates have not been conducive to new issues and borrowers have held off because of rising rates.

The lacklustre performance continued yesterday with D-Mark Eurobond secondary market prices ending unchanged. The domestic bond market has behaved similarly.

Sanwa Bank, meanwhile, became the latest Japanese bank to boost its equity with a package of issues raising the equivalent of some $1.25bn.

In addition to an offering of 35m shares in Japan, it is

INTERNATIONAL BONDS

issuing $800m of convertible dollar bonds and SFr 400m of convertible bonds in Switzerland.

The dollar issue was divided into two identical tranches with $50m being led in Asia by a Hong Kong subsidiary. Sanwa International led the $250m European portion, of which a large amount, however, was pre-placed in Asia. The 15-year issue has an indicated coupon of 1¾ per cent and was bid in the market at ¾ below its par *issue price.*

The Swiss issue was divided into two equal and identical *tranches, one public and the* other private, both led by Swiss Bank Corporation. The five-year issues had an indicated coupon of ¾ per cent. The public issue was bid in the grey market at 1¾ below issue price and the private at 1¾ below.

The issues appeared to be unaffected by last week's decision by *Moody's Investors Service* to downgrade Sanwa from triple-A to double-A1.

The Swiss foreign bond market was easier in places, although some equity-linked issues *strengthened.* Trizec's SFr 100m issue ended its first day's trading at 97¾, 2¼ points below issue price.

As the dollar straight sector of the Eurobond market *remained becalmed amid* continuing currency uncertainties, the steady flow of issues con*tinued of Japanese bonds* with equity warrants. The day's largest was a $100m issue for Morinaga Milk Industry, a dairy products concern. Nikko Securities brought the deal on standard five-year terms with an indicated coupon of 3¼ per cent.

Yamaichi International led an $80m issue on the same terms for Sanyo *Special Steel,* and New Japan Securities Europe brought a $70m issue for *Daishinpan, a consumer credit* company.

There were two further issues *in Australian dollar,* still aimed at Continental retail investors. Amro Bank Australia targetted *Dutch* as well as other buyers with an A$50m three-year deal priced at 101¾ with a coupon of 13¾ per cent.

Westdeutsche Landesbank, through a financing subsidiary, went for a longer seven-year maturity with a A$50m issue with a 13¼ per cent coupon and price of 101¾ per cent.

Chargeurs lifts stake in wool group

BY GEORGE GRAHAM IN PARIS

CHARGEURS, THE transport and communications group headed by Mr Jerome Seydoux, has lifted its stake in Prouvost, the leading French wool com*pany, to 36.37 per cent.*

Mr Seydoux has therefore passed the 33 per cent level at which he can block resolutions at Prouvost's general meetings. He said yesterday that he intended to "pursue his conversations" with Mr Christian Derveloy, president of Prouvost, *and now* has a powerful weapon with his blocking minority.

Mr Derveloy has also been building up his stake in Prouvost through the Vitos group, which he also chairs and which now *has 19 per cent of* the wool company's capital.

Prouvost's share price closed *at FFr 471 yesterday, with more* than 100,000 *shares* changing hands.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Electric 4⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 4⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 4⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom 5⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Fujitsu 3 99	5/84	1189	176¾	177¾	+0⅝	−1.23
Gunma Bank 2⅞ 02	4/87	808	141	142½	+0¾	−1.65
Minolta Camera 2¼ 94 DM	2/86	1105	199	200	−0⅛	57.87
Mitsui Trust 2⅞ 01	10/86	1990	157½	159½	−2½	−0.79
Murata 3½ 00	7/84	1998	252¼	253¾	0	−1.61
Nippon Elec. 2⅞ 00	1/85	1295	254½	255½	+1¼	137.85
OKI Elec Ind. 3½ 99	10/84	865	164	165½	−1½	1.48
Omron Tateisi 2⅞ 02	4/87	1350	123¾	125¼	−2⅞	−1.05
Redland 7¼ 02 £	1/87	5.5	109¾	110¼	0	17.57
Yokohama Bank of 2⅞ 01	10/86	1945	180¼	182¼	+0⅝	−2.63

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Increased activities boost Israeli bank

By Judith Maltz in Tel Aviv

ISRAELI DISCOUNT Bank, the country's third-largest bank, has reported a 15-fold increase in after-tax profits for the first half of the year to 30.8m shekels ($19.1m), compared with the same period last year.

Net return on equity of 8.5 per cent, however, was the lowest rate registered by any of the country's three largest banks. Discount equity capital grew by 4.7 per cent, compared with the second half of last year, to 780m shekels. The bank's assets, totalling 20.5bn shekels, showed little change.

The dramatic improvement in profitability was explained by a substantial increase in activities, mainly in the unlinked shekel sector, and by continued manpower cutbacks. Another factor contributing to the turnabout, a spokeswoman pointed out yesterday, was the sale of 3m shekels worth of assets.

United-Mizrahi Bank, Israel's fourth-largest climbed back into the black, with net earnings of 7.3m shekels ($4.5m) for the six months to June. During the same period last year, the bank lost $5.5m and was the only Israeli bank to find itself in the red at the end of 1986.

Mr Michael Zvineri, managing director of Mizrahi, said yesterday that the bank's profit figure would have been even higher, were it not for the large provision made for doubtful debts.

He attributed the improved performance to an increased volume of domestic business, especially loans to the public.

Elders to float Hong Kong investment arm

BY DAVID DODWELL IN HONG KONG

ELDERS IXL, the Australian conglomerate headed by Mr John Elliott, has unveiled details of plans to float a Hong Kong-based investment company, Elders Investments, which will be capitalised at US$500m.

The flotation was signalled 10 days ago, when Mr Elliott revealed plans to spin off 35 per cent of each of Elders' three main operating divisions.

Mr Elliott said yesterday that the new company "would take equity stakes in businesses which are not part of Elders' core businesses." He said most of the company's investments would be outside Australia, and would generate most of its earnings from capital gains. These would attract heavy taxation if the company were incorporated in Australia.

The flotation is expected to take place before the end of September, with an initial 25 per cent of share capital being offered to the public. Elders IXL would eventually aim to dilute its holding down to 45 per cent, Mr Elliott said.

Initial assets in the Hong Kong company would include 14 per cent of Elders Resources, a 44 per cent stake in Sundor Group, an unlisted US fruit juice and drinks company, a 5 per cent holding in Pallas Group, a European-based investment group, investments in a company in the US and in various Asian countries, a Melbourne commercial property, and US$230m in cash.

Elders Investments will be incorporated in Bermuda, but managed in Hong Kong.

CRA hit by lower volumes

THE NEAR-HALVING in first-half net profit at CRA was largely due to lower sales volumes and prices for iron ore and coal exports, according to Mr John Ralph, the managing director, Reuter reports from Sydney.

The mining and smelting group, 49 per cent owned by Rio Tinto Zinc of the UK, showed a drop in net earnings to A$31.08m ($22m) in the half year to June 30, from A$60.28m in the first half of 1986.

A stronger Australian dollar also contributed to the profit decline by offsetting a rise in the US dollar price of base metals in the second quarter, he said.

Net figures included a total abnormal profit of A$43.2m, arising from a change in the method of inventory valuation. The result would have been a A$12.1m loss without the change, while the year-earlier net, which is unadjusted, would have been A$7m higher on the new basis.

Silver, lead and zinc mining operations at Broken Hill returned to profit in the second quarter of 1987.

The A$104.8m extraordinary profit arose from sales of investments and a write-back of a loss over-provision.

S. African retailer in profit

BY JIM JONES IN JOHANNESBURG

TRADEGRO, the South African supermarket, retail and wholesale group, returned to profit in the year to June 30 1987, as loss-making subsidiaries moved out of the red. Checkers, the wholly-owned subsidiary which manages South Africa's largest supermarket chain, has ended several years of losses.

Group turnover rose to R4.45bn ($2.149bn), from R3.71bn, operating profit before interest and tax was R85.8m, against R6.7m, and pre-tax profit was R58.6m, against the previous year's pre-tax loss of R42.9m.

Checkers recorded the greatest improvement and earned a profit of R5.6m, against the previous year's loss of R41.3m. Rusfurn, the furniture retail chain, converted 1986's pre-tax loss of R6.2m into a profit of R15.3m this year.

Earnings were 6.6 cents a share, against the previous year's loss of 160.4 cents. A dividend has not been declared.

Merger for NZ forest group rejected

By Dai Hayward in Wellington

PROSPECTS HAVE emerged of a fresh struggle for control of New Zealand Forest Products (NZFP), the forestry concern. Efforts by Amcor, Australian paper manufacturer, to buy 50 per cent of NZFP in a friendly merger agreement were rejected by the New Zealand Commerce Commission. Amcor has withdrawn from any further effort to merge

The Commerce Commission is now considering an application by Fletcher Challenge to take over Forest Products. However, Amcor has sold the 11 per cent stake it has acquired in NZFP to the Rada Corporation. Rada was originally established by NZFP as a friendly investment arm and could be seen as a defence against a Fletcher Challenge takeover

Rada already holds 24.9 per cent of Forest Products shares. With the 11 per cent from Amcor, it has lifted its holding to around 36 per cent.

A hint of this was given yesterday by Mr Bob Gunn, the recently appointed chairman and chief executive of NZFP, who is also the chairman of Rada. Rada already has Commerce Commission approval to acquire 100 per cent of NZFP.

Commenting on the possibility of Fletcher Challenge also getting the go-ahead from the commission, Mr Gunn said: "If they wish to proceed with a bid it could be a race between them and us for 50 per cent."

Amcor received NZ$5 for each of the 49.6m shares it held in NZFP, making the deal with Rada worth NZ$248m (US$150m).

UK COMPANY NEWS

Hawley may sell parts of ADT to meet costs

By Terry Povey

Hawley Group has told the SEC, the US securities watchdog, that it may sell some of the assets of ADT Inc, US security group, to cover part of the £440m purchase cost.

In a filing to the SEC yesterday, Hawley said that the debt incurred as a result of the purchase would be repaid from internally-generated funds and other sources, which could include the sale of debt or equity securities or the sales of assets.

In August, Hawley issued $400m worth of convertible prefernce shares. It was unclear last night whether it aimed at a further preference issue, an ordinary share offer or just som disposals of ADT assets.

Last Friday, Hawley, a rapidly-expanding international services group based in Bermuda but quoted in London, announced that it reached agreement with the quoted ADT on an $52-a-share cash bid, valuing the US company at $715m.

Black Arrow

Mr Arnold Edward, chairman of Black Arrow Group, told the annual meeting that sales in the first quarter were well ahead of the corresponding period last year.

He said order intake was also running at much higher levels than ever before, and he fully expected the group to achieve another record performance in the half-year to September 30.

"I have never been more confident of Black Arrow's prospects," he added.

Plessey near sale

Plessey, the UK electronics group, is close to agreeing the sale of its connector business to a UK-based electronics company.

Plessey announced in June that it had put its electrical connector business, based in Northampton, up for sale as part of its strategy of concentrating on high technology activities in the defence, telecommunications and component divisions.

The connector business, based in Northampton, has a turnover of more than £16m a year and is profitable. Plessey said the likely purchaser wanted to continue activities at Northampton.

Mixed fortunes for Taylor Woodrow at midway

BY DAVID WALLER

DESPITE A buoyant housing sector and a record performance from its property division, Taylor Woodrow's interim profits were held back by difficult overseas contracting markets and loss-making related companies.

Exacerbated further by adverse currency movements, the group's pre-tax profits for the six months to the end of June advanced by £1.125m to £21.18m. This 5.6 per cent increase was achieved on turnover of £392m (£377m).

The results were at the lower end of City expectations and the shares closed 13p down at 410p, after falling below 400p at one stage.

Sir Frank Gibb, chairman and chief executive, said that the group had benefited from favourable housing markets in the UK and in California. Overseas contracting, however, proved difficult, and in the UK,

Sir Frank Gibb, chairman and chief executive of Taylor Woodrow.

margins on contracting business had been kept down by keen competition.

Related companies incurred a loss of £516,000, against a profit of £1.3m last year. Sir Frank said that the turnround was mainly attributable to Seaforth Maritime, in which Taylor Woodrow has a 45 per cent stake. This company provides support services to the North Sea oil industry, for which demand was depressed in the first half.

The strength of sterling against US, Canadian and Australian currencies meant that there was a loss on translation of £600,000.

After taxation of £7.2m (£7.1m), and minority interests of £1.3m (£0.8m), attributable profits were £12.6m (£12.1m). Earnings per share amounted to 8.7p, against 8.4p.

The board declared an interim dividend of 2.5p (2.25p) per share.

See Lex

Christy Hunt sees £0.26m

BY STEVEN BUTLER

Christy Hunt, engineering group, yesterday moved to strengthen its agreed bid for Deritend Stamping with a forecast that consolidated pre-tax profits would reach at least £258,000 in the year to the end of June 1987, on a merger accounting basis.

The forecast compares with a restated loss of £81,000 for 1985-86.

Christy added that it had acquired 10 per cent of Deritend since its offer was announced on August 13, mostly for a price of 600p.

Christy's share offer is on the basis of 20-for-8 with a cash alternative of 600p. The paper offer was yesterday worth 746p with the Deritend shares closing at 658p.

The Deritend board agreed to the Christy offer after rejecting an offer by Carclo Engineering Group, which it described as unacceptable in amount, form, and substance. Carclo said last week that it was extending its 4-for-7 offer until September 15. The offer was worth 510p per share yesterday.

In their offer documents both companies indicated that opportunities existed for regional expansion of the Deritend electrical division and use of the division's distribution network. Further investment in technology would benefit the investment casting division, and further marketing opportunities would be sought.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Automagic	‡4.25	—	4	6.5	6
Bredero Properties int	1.7	Oct 29	1.5	—	4.25
Executex Clothes ...int	1.5	Nov 4	1.28*	—	2.08*
Eucalyptus PM ......int	2	Sept 30	2.13**	—	14.54**
Hartons Group ...int	0.61†	—	0.53	—	1.6
IBC ....int	1	—	0.75	—	3
Ipeco Holdings ...int	1	Nov 6	1	—	2.85
Jos Holdings	2.71	Nov 5	2.38*	3.67	3.33*
MacFarlane ....int	1.25	—	1.11	—	2.76
Pickwick Group ...int	0.8	Oct 28	—	—	—
Powerline Inv. ....int	‡1	Nov 3	1	—	2.25
Taylor Woodrow ...int	2.5	Oct 1	2.25	—	9.5
Templeton G'braith int	‖3.5	Oct 20	3	—	9

Dividends shown pence per share net except where otherwise stated. * Equivalent aftr allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock ¶ Third market. ‖ US cents throughout. ** On 25p shares since sub-divided to 5p

Cont Stationery

Continuous Stationery, business forms manufacturer, will receive a significant boost to profits this year due to the sale of its headquarters in London.

The company said yesterday conditional contracts had been exchanged to sell the site at Green Dragon Yard, London E for £1.65m. The net proceeds, after tax and associated charges, are estimated at £900,000, compared with a book value of £133,000.

Mr Michael Gurner, group managing director, said the profit would be treated as an exceptional item.

Fletcher Dennys capital package

By Philip Coggan

Fletcher Dennys Systems, the USM-quoted micro-computer systems dealer, yesterday announced details of a capital reconstruction programme, through which a consortium led by Hillsdown Investment Trust will take a 61.6 per cent stake.

The consortium is subscribing for 20m shares at 5p each, compared with the 78p at which the shares were trading before they were suspended last week. In addition, around 4m shares will be offered to existing shareholders at 5p each via a one-for-four rights issue. The combined package will raise around £1.28m for the group.

Hillsdown Investment Trust, in which Hillsdown Holdings, the food-to-furniture group, has a 90 per cent stake, was established in May to provide investment capital and management support to developing businesses. This is its first investment in a quoted company.

HIT will subscribe for around half the consortium's stake, leaving it with a 30 per cent holding. The other members of the consortium are Mr Michael Williams, formerly of Micro Business Systems, Mr Nick Oliver, an accountant, Mr Michael Shafran, a stockbroker, Gartmore Special Situations Trust and investment clients of Parrish Investment Management.

"Fletcher Dennys was losing money fairly heavily," said Mr Robert Evans, a director of HIT. "The company had geared up for growth which didn't occur. We intend to make a number of cutbacks to stem the losses and then we will look for new acquisitions."

HIT said that the investment in Fletcher Dennys gave it a chance to establish a base in the microcomputer software systems and services market.

Fletcher Dennys came to the USM in July 1986 on the back of pre-tax profits of £463,000 in the previous financial year. But a slump in local authority sales led to the group making a pre-tax loss of £900,000 in the year to March 1987.

The company was founded by four former ICL employees, including Mr Fletcher and Mr Dennys after whom it was named.

But Mr Dennys announced in May that he was leaving the group and Mr Fletcher is now resigning as well. The other two founding members, Mr Keith Bull and Mr Paul Strasburger, are staying on and are subscribing for a further 1.6m shares under the reconstruction plan.

The other directors will allow their entitlements under the rights issue to lapse and will be resigning from the board.

Mr Bull, who will continue as chairman, said that the board had considered three financial packages and that Hillsdown's was the most attractive.

"We think a lot of companies in this sector will be amalgamating and with Hillsdown's reputation, we're confident that we'll be well positioned in five years' time" he said.

Whittington Eng

Whittington Engineering is to sell the trade and assets of the bulk material handling business based in Chesterfield to the existing management.

The assets being disposed of include fixed assets, stock, work in progress and the right to use the trading names of Whittington Engineering, Numec and Derbyshire Carriage and Wagon.

Consideration will be £53,595 in respect of the fixed assets together with the value of the stock and work in progress as at September 1 1987.

In the year to January 31 last, the bulk material handling business had a turnover of £1.02m with losses, before tax and extraordinary charges, but after exceptional charges, of £238,573.

Templeton Galbraith boosts its profits 15%

BY PHILIP COGGAN

Templeton, Galbraith & Hansberger, the New York fund management company which is listed on the London Stock Exchange, yesterday announced a 14.6 per cent increase in pre-tax profits and a 25.5 per cent increase in earnings per share in the six months to June 30.

The group's assets under management increased by 30 per cent in the six months, amounting to $12.5bn (£7.6bn) by the end of the half. About $1.3bn of the increase came from sales of mutual funds, closed-end fund flotations and additional assets placed under management. Investment advisory management and service fees increased by 36 per cent and now constitute 43 per cent of turnover.

Mr Thomas Hansberger, the group's chief executive, said that the company would continue its pursuit of global development through internal growth and acquisitions where they are economically or strategically justified.

In July, TGH agreed to buy Templeton Management, a Canadian investment advisory group for £2.4m. The Canadian company largely markets TGH funds.

Turnover for the group was $68.8m ($63.6m) and after deducting distribution costs of $33.2m ($37.5m) and administrative expenses of $10.27m ($8.35m), operating profits were $25.34m ($22.8m). After including other operating income of $1.84m ($960,000) and deducting interest payable of $630,000 (573,000), the pre-tax profits were $26.56m ($23.18m).

The effective tax rate fell to 17 per cent from 24 per cent, after the changes in the US tax law, and the tax charge accordingly fell to $4.56m from $5.57m. Earnings per share were 13.8 US cents (11 US cents) and the interim dividend is being set at 3.5 US cents (3 US cents).

See Lex

Hartons' profits soar to £2m

Hartons Group, Nottingham-based holding company which specialises in the distribution and manufacture of plastics, more than doubled pre-tax profits from £803,000 to £2.04m in the six months to June 30 1987. Turnover during the period increased by 31 per cent from £29.67m to £38.88m.

The directors lifted the declared interim dividend from 0.53p to 0.61p and earnings rose substantially from 1.09p to 2.48p.

The chairman said the group had made significant progress in 1987 in establishing itself as a leading international distributor of semi-finished plastics and as a result more than 75 per cent of the group's profits were now derived from its distribution activities.

For the second half, the prospects for VT Plastics, its distribution arm, would be enhanced as a result of its entry into the Spanish market through its acquisition of 90 per cent of Resinas Sinteticas Opales.

Elson & Robbins, the principal manufacturing arm of the group, also made progress, particularly on the sales of PVC foam. Further expansion was expected in the second half.

As trading was normally better in the second half than the first, and given the high level of activity currently experienced by all the businesses within the group, he was confident that the outcome for the full year would be very satisfactory.

Tax charges rose from £309,000 to £742,000 and minority interests accounted for £29,000 (£19,000). Last year Hartons made profits of £2.54m (£1.89m).

● **comment**

Yesterday's figures are the first free of Hartons' bogeyman, the heavily loss making gas and electrical appliances maker DIP, sold in July 1986. Discounting this loss elimination, profits are up 20 per cent. Plastic continues to take market share from wood and metal and with the big plastic companies researching night and day on new applications, Hartons, with 30,000 customers in its UK network, is well placed to benefit. However, Hartons will not abandon its manufacturing side altogether—even if with 75 per cent of profits coming from the distribution side, there is certainly no doubt where the future lies. With the UK market pretty well covered, further acquisitions in the US are likely, as are fresh moves into Italy and Germany. Assuming pre-tax profits of £5m this year, the shares at 87p, up 5p, are trading on a prospective p/e of 15.

Bredero gets boost from commercial property side

A SUBSTANTIAL increase in profits from the commercial development side in the first six months left Bredero Properties' interim pre-tax profits up 22 per cent from £979,000 to £1.19m at June 30.

The directors said that in addition to the current development programme further opportunities had been identified and were being considered. It is expected that in common with 1986, profit contribution in the second half will be substantially greater than that reported for the first six months.

In particular, the second half will benefit from completion of High Wycombe and St Albans developments and from further lettings for Flying Horse, Nottingham development. As a consequence the board views the future with confidence.

Brodero earned profits of £1.92m in the latter half of last year out of the total pre-tax profit of £2.9m.

The improvement in profits of commercial developments in the first six months was one of 54 per cent to £693,001 (£449,000); residential developments rose just 10 per cent to £324,000 (£295,000).

Turnover for the period was up from £11.79m to £15.13m; tax took £202,000 (£155,000) leaving earnings per share of 4.9p (4.9p) weighted, and 4.9p (4.1p) on shares in issue.

The interim dividend is raised from 1.5p to 1.7p per 25p share.

Stormgard

Trading by Stormgard, the fashionware and fabrics group has been restrained by poor weather, Mr John Murray, chairman, said in his annual statement. This year would be another difficult trading period.

Mr Murray said group debt had been reduced by disposals. There was thus a more solid base upon which to build up the business.

Smiths Inds. wait

Smiths Industries yesterday said that the mandatory 30 day waiting period under US anti-trust laws in connection with its acquisition of Lear Siegler Avionics Systems had been extended by the US regulatory authorities.

Mr Roger Hurn, Smiths chairman, said he believed the extension had no particular significance and he expected the waiting period would be terminated this week.

"We think it is a temporary glitch," he said.

Pentos

Pentos, the publishing, retailing and property company, yesterday announced that it had completed a 25-year sale and lease back arrangement for its shop in the Cornmarket, Oxford, with National Provident Institution.

Net of the £460,000 premium payable, Pentos will receive £3.6m for the sale and pay £202,500 a year rent. In June, the company raised funds to pay for this purchase.

UK COMPANY NEWS

Ryan ups halfway profits to £4m

Ryan International, a Cardiff-based coal recoverer and open cast contractor, lifted pre-tax profits from £3.62m to £4.06m on turnover down from £55.57m at £54.2m in the six months to June 30 1987.

Ryan, which has been transformed into one of the biggest private coal recovery groups in Europe since the arrival in 1985 of Mr Crispian Hotson, its South African chief executive, then managing director, lifted earnings per 20p share from 5.33p to 5.34p or 5.03p to 5.04p on a fully diluted basis.

The company, which has not paid a dividend since 1974, said that it was its intention to pay a dividend in April 1988 of not less than 4p.

Mr Michael Ward Thomas, chairman, said he was confident that Ryan would continue to make progress in a difficult coal market. The £27.4m acquisition of Derek Crouch earlier this year had radically altered the scale of Ryan's operations and expanded the company into large-scale coal opencast mining activities. Figures for last year include those of Crouch.

The chairman said that the Crouch organisation had been successfully integrated with that of Ryan and since then Crouch had won a major contract, its first for several years. Ryan was transferring its advanced coal washing technology from Belgium to enhance the operations acquired in the US as part of the Crouch deal.

The UK coal recovery operations under the banner of Ryan Consolidated—the joint venture with Consolidated Gold Fields—had won a major Scottish contract. It would have a third site on stream in the second half.

Ryan Mining continued to expand its production while the consulting engineering subsidiary had been instrumental in the award-winning design of the Ebbw Vale Garden Festival. The Belgian operations continued to run efficiently but in an environment of falling prices and lower sales volumes. It had failed to contribute to group profits.

During the period Ryan had disposed of the activities of the Crouch organisation which were not relevant to its coal operations. The Ryan subsidiaries in the building industry had also been sold and Mr Ward Thomas said it was anticipated that during the second half of the year the remaining surplus assets would be sold.

At the end of the period the company consolidated its 5p shares on the basis of one-for-four into 20p shares.

Tax took £1.56m (£1.12m) and extraordinary items—the costs incurred with the closure of Crouch's Peterborough office and disposing of the construction and building supplies activities of the group—amounted to £776,000 (nil).

● comment

The oriny that attaches to any long-term assessment of Ryan International's prospects is that the enthusiasts' best hopes are pinned on the opportunities which would be thrown up by a liberalisation of the UK coal and electricity generation utilities. Yet it was company's most liberalised markets—Belgium and the US which proved to be such a drag on first-half profits. Soft oil prices drove the coal price down to the point where Belgium turned into losses of £200,000 and the US *barely managed to break even,* so it was only the resilience of the illiberal UK market and a fortuitous £1m profit on the revaluation of some coal extraction equipment that prevented the ignominy of a sharp pre-tax downturn. On a short-term view, some slight recovery overseas and new contracts in the UK may bring a better second-half performance and provide the improvement in earnings per share which has so far eluded the new management. Around £10m pre-tax would feed through into a prospective price/earnings multiple of 11 at 152p—a rating which appears to reflect the market's lack of conviction that coal mining is the boom industry of tomorrow.

High exchange rate pegs back profits at Ipeco Holdings

A HIGHER average US dollar exchange rate dented taxable profits in the first half at Ipeco Holdings, a manufacturer of specialist products for aviation and defence industries, and marred good progress made in the development of the group. Profits fell from £1.6m to £1m on turnover up from £4.03m to £4.75m in the six months to June 26, 1987.

The directors declared an unchanged interim dividend of 1p and after tax down at £351,000 (£580,000) earnings per ordinary share fell from 4.1p to 2.37p.

Mr Christopher Johnson, chairman, said that Ipeco Europe—the company's aircrew seating business — increased unit production by almost a third and its order book continued to set record levels, largely because of the robust good health of the commercial aerospace industry and further extension of the customer/user base. Investment in manufacturing facilities had realised greater production efficiencies to offset in part the adverse effect on profits of currency movements.

Benson Lund, Ipeco's aircraft interior company, continued to perform solidly and was due to occupy new purpose-designed premises. The IPE engineering services business held its volume but continued to experience a bias towards short run development projects in a highly competitive market. Order levels from defence contractors remained weak and margins were significantly lower as a result.

Mr Johnson said that Ipeco was determined to identify products with the potential for development into market leaders and cited Airlec, the airport cargo handling outfit which it acquired in February, and Polymeric Composites, its advanced composite materials operation established late in 1986, as examples of Ipeco's investment strategy. Airlec had made strong progress and Polymeric an encouraging start. However, neither would contribute to group earnings this year.

He said that the results for the full year would reflect the strong output growth at Ipeco Europe, and the second half would see further market penetration by the younger companies in the group. In the year to December 27 1986 Ipeco made profits of £3.02m (£2.96m).

Dragon Trust heads for market via £12m placing

BY RICHARD TOMKINS

AN INVESTMENT trust called Dragon Trust is about to be launched with the aim of providing long-term capital growth for its shareholders through investment in the Far East.

James Capel is placing 120m shares at 10p each with warrants attached, so raising about £11.65m after expenses which will be available to the trust for investment. It will be administered by Edinburgh Fund Managers.

The trust will invest initially in Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. In future, investments may spread to China, India and Indonesia, but the trust will not invest in Japan or Australasia.

The directors believe that the growth in Far Eastern economies and changing attitudes to the financing of companies in the region provide attractive opportunities for capital appreciation. They single out South Korea and Taiwan as markets which should become more accessible to foreign investors.

However, they acknowledge that risk factors in the region include the possibility of political change, the imposition of exchange controls, and currency fluctuations.

Lanca ends concert party

BY TERRY POVEY

Lanca, handbag manufacturer and wholesaler, yesterday announced the amicable break-up of the concert party which in March took a 29.9 per cent stake in the company.

City of Westminster Financial, the investment and financial services group run by Mr Andrew Greystoke, and Mr Chimu Gidoomal, chairman of Taskhead, the two members of the concert, confirmed that the party was over.

CWF has sold 800,000 of its 1.053m shares (9.2 per cent) holding to Mr Gidoomal for £880,000, or 110p a share—this compares to an average entry plus carrying cost of about 40p a share. CWF will remain as holders of a 2.9 per cent stake in Lanca and no longer wishes to be considered in a concert party with Mr Gidoomal, who now has a 27 per cent holding.

Commenting yesterday, Mr Sally Morgan of CWF said that the company planed to "concentrate on running Sumrie Clothes" and that the decision to reduce the Lanca holding had been made in its best interest as "running a company on a concert party basis is very difficult." CWF completed the purchase of a major stake in the loss-making Sumrie last month, obtaining board control in the process.

Seacon has over 90% of Milford

Seacon Holdings, private cargo handler and shipping group, now controls a little more than 90 per cent of Milford Docks Company, Welsh harbour and hotel operator. Its bid was declared unconditional at the end of last week.

The figure for acceptances by August 28 were 2.24m shares or 71.88 per cent. Seacon owns an additional 584,900 shares (18.75 per cent). However, because of Milford's status—it was chartered by Parliament in 1874—compulsory purchase powers do not apply and Seacon will not be able to mop up the remainder.

The offer will be kept open until further notice and the listing retained until Seacon starts trading on the Third Market, which is likely to be later this month.

MAI makes money broking disposal

By Richard Waters

MAI, money-broking and financial services group, has sold its domestic sterling business, run by subsidiary Harlow Ueda Savage, to Euro Brokers Holdings. The value of the deal has not been disclosed.

MAI has run two competing money-broking businesses since 1982. The sale marks the end of its plan to sell one of these. In a buy-out last year, Euro Brokers paid £19m for other parts of the Harlow Ueda business.

The sale leaves MAI with about 90 per cent of its original money-broking business. Broking and securities generated £15m of the group's £24m profits in the six months to December 31 1986.

UK COMPANY NEWS

Greenbank clawback brings poor response

By Philip Coggan

ONLY 11.5 per cent of the shares offered by Walker Greenbank, the industrial mini-conglomerate, under a clawback facility were taken up by existing shareholders. The rest of the shares will remain in the hands of the institutions, with whom they were placed as part of the consideration for the £32m acquisition of Wall-coverings, which was announced last month.

The poor response follows a series of low take-ups in clawbacks and rights issues.

"What can we do if the market collapses?" said Sir Anthony Jolliffe, Walker Greenbank's chairman. "It's just a temporary hiccup," Walker Greenbank's shares, which have fallen as low as 133p in recent week,s closed at the placing price of 145p.

Oxford Instruments

Oxford Instruments, the UK high-technology group, has bought a Chichester - based manufacturer of medical instruments for an undisclosed sum in cash.

Sonicaid Limited is the leading UK supplier of foetal monitoring and cardiovascular equipment. Turnover for 1986 was £6.8m, and its asset value was £0.9m as at December 31.

Oxford Instruments said yesterday that the acquisition would complement its existing patient monitoring business.

IBC profits double after two acquisitions

BY PHILIP COGGAN

International Business Communications, the conferences and publishing group, yesterday announced a 138 per cent jump in pre-tax profits and a 60 per cent increase in earnings per share in the six months to June 30.

Since the first half of last year, the company has bought Stonehart Publications which contributed around £500,000 during the period and International Insider, which added a further £300,000.

In all, operating profits were £1.68m (£670,000) and after including interest income of £255,00 (£134,000), pre-tax profits were £1.94m (£804,000). After tax of £722,000 (£288,000), earnings per share were 5.1p (3.2p).

Mr Michael Bell, the group's managing director, said the improvement in earnings per share showed that organic growth was making a solid contribution. IBC was formed when Oyez IBC reversed into a listed Irish engineering company, RTD, in November 1985. The businesses of RTD which Oyez has retained contributed £100,000 in the first half.

Since the end of June, IBC has acquired British Plastics and Rubber and Banking Technology magazines. Mr Bell said:

"These periodicals represent a substantial increase in our advertising-based activity, while remaining firmly in the business information field." A number of other possible acquisitions are under discussion.

The interim dividend is being set at 1p (0.75p) and subject to good trading conditions the board expects to be able to increase the final dividend set at 2.25p last year.

Automagic Holdings boosts its profits by 13% at midway

Automagic Holdings, USM-quoted heel bar operator, lifted taxable profits by 13 per cent from £707,000 to £799,000 on turnover ahead 27 per cent from £7.69m to £9.76m in the 53 weeks to May 2 1987. Comparative figures are for the year to April 26 1986.

The directors proposed a final dividend of 4.25p (4p), making a total of 6.5p (6p) for the period. Earnings per share jumped from 8.2p to 9.1p.

They said the results had been achieved despite a warehouse fire in November and a policy change at F. W. Woolworth. The latter had resulted in seven concessions being withdrawn, which although not substantial were nevertheless profitable.

Its Normand-Sweet subsidiary, which was acquired in August 1987, broke even and the company was looking to expand its trophy wholesalling business. To this end a number of existing Automagic sites have been identified for the inclusion of trophy selling.

Its dry cleaning venture, London Valeting, made a small loss due mainly to start-up costs. However, it is envisaged that progress would be steady.

The directors reported that the sale of premises at Balfe Street was completed after the year end a a price of £325,000 against a book value of £130,000. Exceptional credits of £91,000 (£86,000) arose from profits on the sale of property less compensation to a former director.

Trading in the current year had started slowly, with the first quarter falling below budget. However, with a planned eight new openings the directors were cautiously optimistic.

Tax took £280,000 compared with £244,000 last time.

MacFarlane maintains its upward trend

MacFarlane Group (Clansman), a Glasgow-based holding Company with interests in packaging and printing, increased its pre-tax profits from £1.91m to £2.32m in the six months to June 30 1987. The interim dividend is raised from 1.113p to 1.252p net—last year's total was 2.76p from pre-tax profits of £4.51m. Stated earnings per 25p share improved from 3.93p to 4.8p.

Group turnover in the opening half was £31.74m compared with £26.24m. Tax was higher at £812,000 against £693,000.

Sir Norman MacFarlane, the chairman, said divisionalisation of the group, completed earlier this year, was working successfully, and he was confident that the company would continue the sequence of increased profits. He was convinced the future for the group was excellent.

The packaging division—the group's largest — produced excellent results with all its companies trading well.

Edinburgh Oil

Reduced pre-tax losses of £76,000 were reported by Edinburgh Oil & Gas for the six months to June 30, compared with £118,000.

Turnover for this USM-quoted oil and gas exploration production and investment company fell to £147,000 (£200,000). There was again no tax and loses per share came out at 0.57p (1.11p).

Redfearn Glass

Shares in Redfearn National Glass gained 12p yesterday to 518p after it emerged that OSI, a private company owned indirectly by Australian entrepreneur Mr Dick Pratt, had increased its holding by 393,000 shares to a total of 930,000 shares, 9.3 per cent of the equity.

Redfearn said that OSI's intentions remained friendly, and that no hostile bid was anticipated. OSI acquired most of the new shares as a result of taking up its entitlement under the open offer accompanying Redfearn's £19.5m acquisition of Bunzl Flexpack in June.

BOARD MEETINGS

TODAY

Interims: Abbeycrest, Anglo American Gold Investment, William Bedford, Bremner, Bunzl, CRH, Edinburgh Financial Trust, Guardian Royal Exchange, Hillsdown, H. & J. Quick, Ropner, Slough Estates, Southampton Isle of Wight & South of England, Royal Mail Steam Packet, Star-Plus, Sun Alliance and London Insurance, Watts City of London Properties, Williams Holdings, Wilson (Connolly).

Finals: Coronation Syndicate, Sheldon Jones, Tweefontein United Collieries.

FUTURE DATES

Interims—	
Acorn Computer	Sept 10
BTR	Sept 9
Bowthorpe	Sept 28
Brown Boveri Kent	Sept 17
Canning (W.)	Sept 7
Central Independent TV	Sept 24
Croda International	Sept 15
Delaney	Sept 7
General Mining Union Corporation	Sept 10
Glentree	Sept 3
Hestair	Sept 8
Highcroft Investment Trust	Sept 24
Lopex Communications	Sept 8
Moss Bros.	Sept 9
Save and Prosper Gold	Sept 4
Tozer Kemsley	Sept 8
Tyne Tees TV	Sept 10
Ward White	Sept 14
World of Leather	Sept 28
Finals—	
Alumasc	Sept 9
Isotron	Sept 10

UK COMPANY NEWS

Strong pulp prices boost Eucalyptus Paper profits

BY STEVEN BUTLER

STRONG pulp prices helped lift interim pre-tax profits at Eucalyptus Paper Mills to £5.3m in the six months to end of June, up from £2m last year.

Turnover rose from £14.9m to £18.6m, while pulp volume rose from 61,000 tonnes to 63,000 tonnes. Earnings per share rose from 9.5p to 21.5p, and the interim dividend was lifted from 0.6p to 2p, with 1986 figures restated to reflect a five-for-one capital issue.

The strong performance reflected the firmness of pulp prices throughout the period, and there were no signs of any softening. The company's cost of sales also fell, however, from £10.2m to £9m, reflecting savings in energy and other production costs.

The company's principal asset is a 76 per cent stake in Companhia de Celulose do Caima, listed on the Lisbon stock exchange, which owns and manages eucalyptus forests and pulp mills in Portugal.

The company's cash position improved strongly following a partial divestment of what was a 93.1 per cent stake in Caima, then followed by a £27m rights issue at Caima. Eucalyptus realised £26.7m from the divestment, a premium over book value of £26.5m, and then took up its entitlements to Caima shares for £20.9m.

The balance of £5.8m is held on bank deposits, and Mr Paul Hyde-Thomson, chairman, said the company was at a preliminary stage of considering possibilities of investment outside of Portugal.

At Caima, buoyant conditions on the Lisbon stock exchange allowed the company to lift the rights issue price, resulting in a current cash balance at Caima of over £35m, compared to a company forecast of £15m earlier in the year.

"The board has considered the philosophy behind diversification," said Mr Hyde-Thomson, which would involve investment in a different processing industry in Portugal aimed at foreign markets.

"The whole point is not to be exposed to the same cyclical fluctuations (as the pulp industry)," he said.

The company would aim to take a controlling interest in a Portuguese company, and said that several possible acquisitions were currently under investigation.

● comment

Eucalyptus Paper Mills is comfortably riding astride the upswing in the pulp and paper cycle. Fluctuations in pulp prices have always been the principal determinant of the company's performance and have for some months been fairly stablebut if the past is any guide this, and therefore EPM's growth rate, is not sustainable. This time, however, Eucalyptus has taken advantage of its current strong performance and the high expectations about the Portuguese economy, to raise a substantial pile of cash in Lisbon. If it successfully uses that money to insulate itself fro mups and downs in the pulp market, the shares would look a much sounder investment. Yet with a prospective p/e of 17, based on pretax forecasts of £10m for the whole year, a good deal of anticipation would appear already included in the price.

Executex up 58% at mid term

Executex Clothes has produced a 58 per cent increase from £196,300 to £309,400 in pre-tax profits for the first six months of 1987 against an 18 per cent rise in turnover. The current profit figure is before taking US losses of £97,800 (nil, but £30,000 for the second half of 1986).

Mr John Luper, chairman and joint managing director, said that the US subsidiary is forecast to make a fair profit in the second half of the year. The group continued to examine all avenues of expansion, both by merger and acquisition but had currently not found anything that would be of advantage. The board was therefore preparing to move forward by establishing a new company from existing management.

UK trading profits for the period were up from £351,700 to £469,800; depreciation amounted to £121,200 (£120,100) and interest to £39,200 (£35,300). Tax charged was £107,700 (£70,000) and minority interests were £39,100 (nil).

Earnings per share are 5.59p (4.94p adjusted) for the interim dividend of 1.5p per 20p share (1.25p adjusted).

Bardsey back in the black with £332,000

By Philip Coggan

Bardsey, the hand tool distributor and measuring tool manufacturer, yesterday announced a return to the black in its interim results. The company revealed pre-tax profits for the six months to June 30 of £332,000, compared with a loss of £129,000 in the same period last year.

The group has undergone substantial changes since a capital reconstruction in 1985. Loss-making subsidiaries have been sold off with the process being completed with July's disposal of Leylux, which lost £90,000 in the first half. The group now has two main businesses, Rabone Chesterman and RCF Tools. The former increased sales after a product relaunch this year.

Proceeds from the sale of Leylux and a vacant factory site helped reduce the gearing level, which is now down to 50 per cent from 69 per cent at the end of 1986. But the sales also resulted in extraordinary costs of £138,000.

Bardsey now hopes to make acquisitions. On the tool manufacturing side, the group is looking for add-on products which can be produced in its factories while in distribution, it is seeking products that can be sent through its system to its existing client base.

No interim dividend is being paid but consideration will be given to the payment of a final dividend in the light of the full year's results. Earnings per share were 1.3p (0.7p loss).

Pickwick on line to meet £2.6m

One of the high flyers this year, Pickwick Group, one of the UK's largest operators in the field of bargain records, video cassettes and children's story tapes, yesterday announced pre-tax profits almost doubled from £306,000 to £592,000 in the six months to end June 30.

The May offer was a resounding success with the offer 50 times subscribed and a premium of 63p seen on the 125p offer price at the end of the first day's dealings. The shares closed last night at 208p, up 5p.

Mr Monty Lewis, chairman, said that continued progress over the seasonally more important second half, coupled with the quality of new product scheduled for release in the coming months, would leave the group well on line to achieve the profit forecast (£2.6m pretax) published in the recent prospectus.

The group had performed well in all its areas of operations; in video cassettes it now has 51.2 per cent of the distributors' share of the market which augure well for the Christmas period when prerecorded videos were usually in substantial demand.

Since June 30, the group had successfully concluded negotiations for the distribution of classical compact discs in Japan which supplements the company's existing distribution arrangements in North America, Europe and Australasia.

Turnover for the first half rose 79 per cent to £10.52m (£5.88m); tax amounted to £210,000 (£109,000) leaving net profits of £382,000 (£197,000) for stated earnings per 25p share of 1.74p (0.9p).

The interim dividend is 0.8p.

Powerline setback caused by problems in Newstech

Problems as its Newstech Communications subsidiary has caused a setback in Powerline International's pre-tax profits for the six months to June 30. Despite an improvement of 17 per cent from £4.84m to £5.68m in turnover, profits declined from £649,000 to £601,000 in the period.

Mr Derrick Taylor, chairman, said that the core power supply business increased turnover by 24 per cent and profits by 15 per cent compared with the same period last year. This was despite the unexpected delay of production on some large contracts until the end of this year. Investment in engineering and design had been increased and this would bring increased profits and turnover next year.

Newstech, the technical advertising and public relations subsidiary, had suffered from a general decline in the electronics advertising market and from management problems. In order to restore its record of growth, several changes had been implemented, including the appointment of a new managing director.

Trading profits for the half year increased slightly from £567,000 to £578,000 but net interest received was down from £82,000 to £23,000. Tax charged was £210,000 (£238,000) leaving earnings per share unchanged at 3.2p.

This USM-quoted company is declaring an unchanged interim of 1p per 5p share.

COMPANY NEWS IN BRIEF

STAR COMPUTER Group has acquired 51 per cent of Pinnacle Computer Systems for an initial £40,000. A further maximum £150,000 is payable dependent on Pinnacle's profits over the period ending June 1990.

NEWMAN TONKS GROUP has paid DM 5.45m (£1.84m) for Wehag Leichtmetall, producer of one of West Germany's leading brands of architectural hardware for the specification and high quality residential markets. Wehag's sales are currently running at an annual rate of more than DM 15m (£5m).

BARINGS (merchant bankers): The interim statement said the unaudited group profit for the six months ended June 30 was significantly higher than for the corresponding period of 1986. As in the first half of 1986, each of the main parts of the group experienced favourable operating conditions and produced higher profits.

GRANADA GROUP has acquired Dublin-based Budget Travel Group for an initial I£2.88m (£2.6m) to be satisfied as to I£500,000 cash with the balance in shares. Deferred consideration of up to a maximum I£1.5m is payable dependent of Budget Travel's profits performance.

KENYON SECURITIES is proposing a one-for-one scrip issue to maintain a balance between issued share capital and shareholders' funds following the recent placing and open offer of 1.05m new ordinary shares.

BARINGS (merchant bankers): the interim statement said the unaudited group profit for the six months ended June 30 was significantly higher than for the corresponding period of 1986. As in the first half of 1986, each of the main parts of the group experienced favourable operating conditions and produced higher profits.

Public Works Loan Board rates

Effective August 26

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10[illegible]	—	—	—
Over 1, up to 2	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 2, up to 3	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 3, up to 4	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 4, up to 5	10[illegible]	10[illegible]	10[illegible]	11[illegible]	11[illegible]	11[illegible]
Over 5, up to 6	10[illegible]	10[illegible]	10[illegible]	11	11	11
Over 6, up to 7	10[illegible]	10[illegible]	10[illegible]	11	11	11[illegible]
Over 7, up to 8	10[illegible]	10[illegible]	10[illegible]	11	11	11
Over 8, up to 9	10[illegible]	10[illegible]	10[illegible]	11	11	11
Over 9, up to 10	10[illegible]	10[illegible]	10[illegible]	11	11	11
Over 10, up to 15	10[illegible]	10[illegible]	10[illegible]	11	11	10[illegible]
Over 15, up to 25	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 25	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]	10[illegible]

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.
† Amended.

Canadian smelter dispute settled

PRODUCTION AT Cominco's huge lead/zinc smelter at Trail, British Columbia, was resuming yesterday following the ratification by workers of a new three-year labour contract.

The agreement, which brings to an end a 16-week strike, includes provision for office and technical staff to move to a 40-hour working week in the contract's third year in return for a 2 per cent pay rise and an extra week of holiday.

A company official said that plant was expected to be operating at full capacity of 272,000 tonnes per year of zinc and 136,000 of lead in "about a week."

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse 2,280-2,330 (2,290-2,350).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 4.40-4.60 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 2.10-2.17 (2.08-2.14), sticks 2.10-2.17 (2.08-2.14)

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 6.45-6.70 (6.40-6.65).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 275-285 (275-280).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 2.98-3.05 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb in warehouse, 5.50-5.90 (same).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit W O, cif, 42-57 (same).

VANADIUM: European free market min 98 per cent V O, other sources, $ per lb V O, cif 2.62-2.70 (same).

URANIUM: Nuexco exchange value, $ per lb U O, 16.75 (16.90).

Swine fever outbreak confirmed in Hampshire

BY BRIDGET BLOOM

AN OUTBREAK of classical swine fever has been confirmed in a herd of pigs near Basingstoke, in Hampshire, the British Ministry of Agriculture announced yesterday.

The outbreak occurred in an outdoor pig unit near South Warnbrough. The affected pigs, believed to number about 2,000 are being slaughtered, the Ministry said, as are a much smaller herd belonging to one of the farm's stockmen.

The Ministry has imposed a complete ban on all pig movements within a three kilometre radius of the affected farm and has imposed stringent restrictions on movements in a ten kilometre radius involving parts of Hampshire and of south-west Surrey.

The outbreak is the first since another isolated occurrence of swine fever last year. Until then, there had been no outbreak of the disease since 1971.

The source of the outbreak is not known, although in 1986, the source was ultimately traced to imports of partly-cured pigmeat.

Yesterday Mr David Naish, deputy president of the National Farmers' Union, said he had written to Mr John MacGregor, the Minister of Agriculture, to urge the early introduction of new EC restrictions on the movement of potentially affected pigmeat between EC member states.

Community Agriculture Ministers agreed earlier this summer to toughen restrictions on cross-border trade in fresh and partly-cured pigmeat from areas that have been affected by swine fever.

However, the package of measures agreed then, which was designed to lead to the complete eradication of swine fever within the EC, only come into force on January 1, 1988.

Mr Naish said yesterday he believed that the current outbreak might have been avoided had the new restrictions been in force. He trusted that the occurrence of the disease would be contained but urged producers to take the utmost care. Any spread of the disease could seriously affect a promising export trade in breeding stock to Japan and the US, as well as intra-Community and domestic trade, Mr Naish said.

Swine fever is one of the most serious diseases affecting pigs, to which it is confined. The viral infection attacks the animal's digestive system.

There is no known cure.

Norway considers North Sea 'waiting list' system

BY KAREN FOSSLI IN OSLO

SAGA PETROLEUM, Norway's fledgling private oil company, has submitted plans to the Norwegian Government for the development of its 750m-barrel Snorre oilfield at a cost of betwen NKr 28bn and NKr 31bn (£2.6bn-£2.86bn).

The development of the field will be a milestone for the company, which has not yet brought a Norwegian field into production.

Saga's plans come at a time when Norwegian authorities say that too many oilfield development plans have been prepared, and that the Norwegian economy could become overheated if they were all approved.

The authorities believe it might be necessary to create a waiting list for developments. In that case Saga's Snorre field and at least three other planned field developments in Norwegian waters could be in danger of postponement.

Last month Saga arranged a $1bn unsecured loan through international banks to replace an existing loan agreed in 1985 but tied to specific projects. Last year Saga suffered acute liquidity problems, but its standing has improved as a result of the rise in oil prices this year.

Mr Jan Wenneseland, vice president, said that the development could be viable with oil prices as low as $15 per barrel.

At a price of $22 per barrel, however, the field could earn NKr 135bn during its field life until the year 2014. It is scheduled to come into production in 1992.

Another Norwegian North Sea field, the Oseberg North development operated by Norsk Hydro, may also be postponed should the queue system be implemented. The company came under heavy pressure from the Government over its development plans.

The planned development of new Norwegian field — the Halten Bank, which lies north of hitherto developed North Sea fields — is also threatened by the Government's potential queue system. Shell and Conoco, two foreign operators in Norway, are currently seeking approval for their fields in that area.

Norway has tied itself to the support of Opec which, it admits, looks like having problems in maintaining oil prices at a stable $18 per barrel level. Norway implemented a 7.5 per cent production cut earlier this year which could be discontinued at any time if Opec fails to support oil prices at this level.

Yesterday, Mr Arne Oeien, Norway's Oil and Energy Minister, said that decisions on the queue system for oil field developments and Saga's Snorre project could be made this year.

Soviet crop news good for Gorbachev

BY PATRICK COCKBURN IN MOSCOW

SOVIET GRAIN output is likely to top the 200m tonnes mark for the second year in succession, according to both Soviet specialists and Western diplomats in Moscow.

They attribute the good harvest, which is not yet complete, to improved incentives, technology and management offered to farmers, as well as to generally favourable weather.

The US Department of Agriculture has forecast that Soviet grain production this year will reach 205m tonnes, while the Soviet Press has spoken of output reaching or surpassing last year's harvest of 210m tonnes.

That would be good news for Mr Mikhail Gorbachev, the Soviet leader. Most of the grain goes to feed the Soviet livestock herds so more grain means more meat on the table for Soviet consumers and enables the Government to offer better incentives for factory workers to increase productivity.

Soviet reports speak of good crops in the chief grain growing areas of the Ukraine, North Caucasus, Kazakhstan and Central Russia. The main black spot has been in the Baltic republics where there has been heavy rain.

New incentives appear to have played a significant but still unquantifiable role. Collective and state farms are now being offered priority delivery for good quality machinery and other inputs if they surpass their target for grain production.

Another good Soviet harvest will have a significant impact on the world grain market. Since the 1970s the Soviet Union has consistently been the largest importer as increases in its livestock herds have outstripped its grain production.

The Soviet grain requirement is estimated at about 220m tonnes a year (depending on the output of other fodder crops) but in 1981 the harvest dipped as low as 158m tonnes and the gap had to be bridged by costly imports.

Mr Gorbachev has spoken of Soviet agriculture being quite capable of producing 200m tonnes of grain in a bad year and 250m tonnes in a good year. If the 200m tonne output figure indicates a new plateau then the Soviet import requirement will be much more limited than in the past.

Government statistics show that meat output is growing fast with beef production up 8 per cent on a year ago. Nevertheless poor development of wholesale and retail trade means that increased production on the farms is slow to appear in the shops. Soviet scientists estimate that Muscovites consume 10 times less fruit and vegetables than is necessary for good health.

Mr Gorbachev needs greater output from the agricultural sector because it can produce quick results and benefits for the consumer in a way that industry cannot. Soviet economists estimate that it will be well into the next five-year plan in 1993-94 before the reorganisation of Soviet industry begins to pay off.

But Soviet citizens might get more and better foodstuffs much more quickly if agriculture responds to reforms. Mr Gorbachev appears intent on pressing ahead with these since, visiting a farm close to Moscow last month, he said that the next meeting of the Communist Party Central Committee would discuss agriculture.

Coping with harvest traumas

FARMER'S VIEWPOINT

By John Cherrington

I BEGAN my harvest with spring-sown barley on August 18, actually a day earlier than last year. Since then, however, progress has been sporadic and I am still only about half way through. There has been no real weight of rain but showery spells have caused frequent interruptions.

Those of my neighbours who sowed winter barley in the autumn were able to begin in late July and are somewhat further ahead.

I used to grow winter barley myself and its early ripening certainly allowed me to get the harvest going promptly. But it never seemed to yield any better than spring barley and was rather more expensive to grow.

I was nonetheless concerned to find that a neighbour's winter wheat yield was fairly low—although the malting quality was very good, which would probably make up his returns. The problem was that many of the grains were small and pinched and had to be screened out to make an acceptable malting sample.

This confirmed my belief that the cool, gloomy summer had held back the maturing of the grain and I was most pessimistic about how my own crops would turn out. In this my worst fears were fully realised, which I have just started, have shown the same high proportion of screenings.

What really determines the yield of a crop is not how well it looks while growing but how well the grains have filled.

I must have spent hours rubbing out ears of wheat and barley in the run up to harvest—which, of course, has no influence on the yield but is useful in making the decision to start harvesting.

I usually make moisture tests of these rubbed out samples because moisture content is one of the criteria for storing and marketing grain. The maximum moisture content for most grain is 16 per cent so, to be on the safe side, I look for a moisture content of 15.5 per cent. This is seldom achieved with standing grain so it has to be dried after combining.

Although I have been drying grain since 1941 the process remains one of considerable trauma.

Mr drier has a limit of about 5 per cent extraction at about 8 tonnes an hour, if the temperature is kept to a level that will not damage the germination of malting barley or the milling quality of wheat. That means the input moisture content should not be above 20 per cent.

Should the input moisture be above that level I have either to slow the drier down or increase the temperature of the hot air. But if I slow down the drier there is a build up in the wet grain pit, which always seems to be aggravated by the fact that when things go badly in the drier they go extremely well on the combines and the trailers keep bringing in more and more. Don't ask me why this should be so, but it is.

So the only way to keep the combines running in this uncertain climate is to keep the temperature down and dry the grain a second time if there is any chance of malting or milling sale.

That is what I have had to do with most of my barley, and am doing at this moment with some wheat. As soon as I move into a fresh field I have the grain analysed by a friendly merchant so that I know just how it should be treated. The problem over the August holiday was that all the local laboratories were closed.

It is usually possible to rely on a proportion of wet days in the average harvest which allows me to catch up with the second drying, otherwise we just belt on and hope for the best. The premiums for quality grain though are such that I have to make every effort to secure them—it is a most anxious time.

While in general bearing out my earlier pessimism this year's results were not quite as bad as I had feared at one time. My best wheat turned out at just under 2.5 tonnes an acre — last year it was three. The barley is probably around the two tonnes an acre mark, also about half a tonne down on last year. It certainly looked better than that when standing.

The quality of the wheat is poor, with thin and discoloured grains. I doubt if much of it would be accepted for intervention buying. In this connection I think Mr John MacGregor, the British Minister of Agriculture, would be quite safe in bowing to renewed pressure from the National Farmers' Union and asking for a derogation from Brussels which would allow UK grain to go to intervention at 15 per cent or even 15.5 per cent moisture instead of 14.5 per cent as it is now. All the other member states have the higher figures.

Overall the harvest picture is very variable. One of my sons, who farms in South Devon, has had the best harvest in the 20 years he has had the farm, while in East Anglia there have been continuous rains for weeks. A friend in Norfolk is weeks behind normal and fears that there will be widespread sprouting of both wheat and barley. From Scotland, where harvest is generally later, it is much the same story but there is still time for the Scottish crop to recover.

An indication of the seriousness of the situation is the fact that both for milling wheat and malting barley are commanding quite substantial premiums for the second year running, and the spot trade for both wheat and barley has been moving up quite smartly.

The weather over the holiday weekend was quite good in the south but according to the latest forecast bad weather is due to return by today.

My only really promising crops at the moment are oats and beans, which are not yet quite ripe and could still suffer in the next few days if there are thunderstorms. My remaining wheat does not look very promising but at least is standing and should combine easily. I need about seven more combining days and I hope I get them during September.

I have heard that the optimists who were prophesying a record harvest are now changing their tunes and coming down from a 26m tonne record to 22.5m tonnes. With quite half the crop not yet gathered that can be little more than a guess. Personally, I would be surprised at anything over 20m tonnes.

LONDON MARKETS

ALUMINIUM prices fell heavily on the London Metal Exchange yesterday after an early rally ran out of steam. The main trigger for the downturn was an exceptionally large rise in stocks of high grade metal and this was reflected in a much sharper fall in the cash quotation for that grade. But although standard grade stocks fell slightly prices for that grade also came under pressure. The big rise in high grade stocks was reported to result from an influx of metal from Scandinavian producers, possibly in the belief that the market was close to topping out. The expiry of the labour contract at Alcan's Quebec smelter produced little market reaction and some traders thought a bloodless settlement of labour negotiations there could be taken as the signal for a sizeable sell-off. A sharpish fall in zinc prices was put down to the ending at the weekend of the 16-week old strike at Cominco's Kimberley/Trail facilities in British Columbia. Meanwhile cocoa prices slid to 10-week lows as the reassertion of bearish supply/demand factors overcame the recent improvement in sentiment. Dealers were also reported to have become wary of expecting too much of the forthcoming talks on reactivating the International Cocoa Organisation's buffer stock support system.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or −	High/Low
Cash	1610-5	−102.5	1710
3 months	1600-5	−22.5	1661/1616

Official closing (am): Cash 1,680-90 (1,740-50), three months 1,660-70 (1,657-62), settlement 1,690 (1,750). Final Kerb close: 1,600-5. Ring Turnover: 360 tonnes.

99.5% purity	$ per tonne	+ or −	High/Low
Cash	960-5	−40	984
3 months	960-1	−29	995/960

Official closing (am): Cash 1,014-6 (1,000-...), three months 984.5-5 (1,000-...), settlement 1,016 (1,047). Final Kerb close: 952-3. Ring Turnover: 38,575 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1047-8	−6	1056/1048
3 months	1033.5-4	−2.75	1043/1027

Official closing (am): Cash 1,057.5-8.5 (1,060-60.5), three months 1,041.5-2.5 (1,042.5-3.5), settlement 1,058.5 (1,060.5). Final Kerb close: 1,030-1.

Standard			
Cash	1047-9	−2.75	1056/1046
3 months	1033-5	−2.75	1043/1027

Official closing (am): Cash 1,057.5-8.5 (1,060-2), three months 1,041-2 (1,038-43). settlement 1,058.5 (1,062). US Producer prices 80-84 cents per pound. Total Ring Turnover: 28,650 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	418.5	−5	415/418
3 Months	388-9	−5.75	394/387

Official closing (am): Cash 415-5.5 (418-9.5), three months 393-90 (396.5-7), settlement 415.5 (418.5). Final Kerb close: 390-2. Ring Turnover: 7,125 tonnes. US Spot: 42 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3260-5	−43.5	3295/3290
3 months	3290-5	−34.5	3330/3280

Official closing (am): Cash 3,290-5 (3,351-2), three months 3,285-90 (3,350-1), settlement 3,295 (3,352). Final Kerb close: 3,280-90. Ring Turnover: 1,134 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	472-4	−16	
3 months	476-7	−18	495/476.5

Official closing (am): Cash 477-8 (492-2), three months 491-3 (493.5-4). Final Kerb close: 476-8. Ring Turnover: 7,250 tonnes. US Prime Western: 47.5-48.5 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

TIN

KUALA LUMPUR TIN MARKET—Close: 16.55 (16.83) ringgit per kg. Up 0.02.

GOLD

GOLD BULLION (fine ounce) Sept. 1

Close	$453-453½	(£276-276½)
Opening	$452½-453½	(£275¾-277½)
M'n'g fix	$453.10	(£275.5)
Aft'n'n fix	$453.75	(£277.01)
Day's high	$455¼-455	
Day's low	$451¾-452½	

GOLD AND PLATINUM COINS

[illegible]

INDICES

REUTERS

Sept 1	Aug. 28	M'th ago	Year ago
1661.5	1669.5	1638.8	1461.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 31	Aug. 28	M'th ago	Year ago
Spot	127.57	127.55	—	118.61
Fut	130.49	130.30	—	121.15

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 1 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1680/700	−70	$1775/795
Copper			
Cash Grade A	£1047.5	−6	£1187.75
3 months	£1033.75	−2.75	£1107.5
Gold Troy oz	$453.25	−0.5	$476.75
Lead Cash	£418.5	−5	£382.5
3 months	£388.5	−5.75	£368.25
Nickel			
Free Mkt	246/247c	−11	239/240c
Palladium oz	$137.00	−1.25	$147.00
Platinum oz	$595.75	−2.25	$633.00
Quicksilver†	$268/290		$258/260
Silver troy oz	455.10p	−9.75	535.60p
3 months	466.70p	−15.15	546.60p
Tin			
free Mkt	$4205/230	−60	$4340/530
Tungsten	$53.23		$53.69
Wolfram 22.04lb	$43/55		$46/55
Zinc	£473.5	−14	£500
3 months	£476.5	−12	£498.5
producers	$860		$960
OILS			
Coconut (Phil)	$480x		$450
Palm Malayan	$325y		$395
Seeds			
Copra (Phil)	$315		$337.5
Soyabean (U.S.)	$146		$152
GRAINS			
Barley Fut. Nov.	£100.30	−0.45	£99.30
Maize	£163.00		£159.00
Wheat Fut. Nov.	£103.50	−0.10	£101.45
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1266.5	−33	£1398.5
Coffee Ft. Nov	£1345.5	+7	£1280.5
Cotton A Ind.*	86.00c	−1.6	‡
Gas Oil Oct.	$157.5	−0.75	$178
Rubber (kilo)	70.25p	−0.5	71p
Sugar (raw)	$147.4u	−0.2	$151.8
Wooltops 64s	527p kilo		495p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y Nov.

SILVER

Silver was fixed 9.75p an ounce lower for spot delivery in the London bullion market yesterday at 455.1p. US cent equivalents of the fixing levels were: Spot 745c, down 9.7c; three-month 758.2c, down 9.85c; six-month 771.75c, down 10.05c; and 12-month 801.5c, down 9.95c. The metal opened at 455-458½p (744-745c) and closed at 446½-447½p (732-734c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoff'l c'l	+ or −
Spot	455.10p	−9.75	739c	−9
3 months	466.70p	−15.1	748c	−8
6 months	478.50p	−10.6	—	—
12 months	502.55p	−11.8	—	—

Three months final kerb: 742-4c.

LME—Turnover: Nil (nil) lots of 10,000 ounces.

COFFEE

Robustas continued to rally as further short-covering and price-fixing slowly pushed levels some £25 above Friday's close, reports Drexel Burnham Lambert. Trade selling was easily absorbed as commission houses bought from the opening. Jobber profit-taking by mid-afternoon took levels down to close £20 off the highs.

COFFEE	Yesterday's close	+ or −	Business done
Sept	1300-1310	+7.5	1325-1296
Nov	1345-1346	+7.0	1364-1340
Jan	1373-1374	+11.0	1387-1365
Mar	1390-1391	+6.0	1405-1385
May	1405-1406	+4.0	1425-1422
July	1425-1427	+1.0	1450-1425
Sept	1442-1452	+0.5	1461-1457

Sales: 6,317 (5,918) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 31: Comp. daily 1979 105.12 (104.09); 15-day average 98.18 (98.86).

COCOA

In active trading futures eased £30 and closed near the lows. Physicals were neglected by producers and consumers alike, both apparently awaiting the outcome of the International Cocoa Agreement talks scheduled for this week, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept	1224-1225	−32.0	1250-1224
Dec	1266-1267	−33.0	1297-1265
March	1301-1302	−27.0	1328-1300
May	1323-1324	−25.0	1348-1325
July	1343-1384	−27.0	1365-1345
Sept	1363-1365	−25.0	1386-1366
Dec	1386-1386	−27.0	1405-1386

Sales: 4,324 (2,786) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 1: 1,579.02 (1,580.45); 10-day average for September 2: 1,586.26 (1,589.53).

FREIGHT FUTURES

A steep decline in very thin volume was the main feature of the morning. Limit-down was reached on the afternoon opening. Levels remained depressed until rising up to 20 points on extremely light buying, but slipped back towards the close, reports Clarkson Wolff.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	98.10	97.90	98.10-98.00
Feb.	109.00	105.00	
March	95.00	93.00	
April	135.00	131.50	131.00-130.00
May	143.50	145.70	

Sales: 234 (264) lots of 40 tonnes.

	Close	High/Low	Prev.
	Dry Cargo		
Oct.	1105/1109	1140/1106	1150
Jan.	1140		1160
April	1175	1175	1205
July	1030/1060		1060
Oct.	1170/1180		1200
Jan.	1097.5		1135
April	1125		
BFI	1105.0		1111

Turnover: 230.

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	102.85	+0.05	97.50	−0.45
Nov.	103.50	+0.10	100.30	−0.45
Jan.	106.50	+0.10	102.70	−0.40
Mar.	109.35	+0.10	105.35	−0.30
May.	111.60	+0.10	107.85	−0.20

Business done—Wheat: Sept 103.35-2.85, Nov 104.00-3.40, Jan 106.30-6.30, Mar 109.40-9.20, May 111.60, July 113.50. Sales: 205 lots of 100 tonnes. Barley: Sept 97.60-7.30, Nov 100.60-0.30, Jan 102.80, March and May untraded. Sales: 114 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 92.00, Oct 94.00, Nov 95.75. US No 2 Soft Red Winter: Sept 86.75, Oct 91.25, Nov 93.50. French 11½-12 per cent: Sept 137.92, Oct 140.50, Jan/March 158.50. English feed, fob: Sept 103.50 seller. Barley: English feed: Oct/Dec 103.50 quoted. Maize: US No 3 Yellow/French transhipment East Coast: Sept 153.50 seller. Barley: English feed Oct/Dec 103.50 quoted.

HGCA—Locational ex-farm spot prices. Feed barley: E. East 97.00, E. Mids 96.70, N. West 96.70. The UK monetary coefficient for the week beginning Monday September 7 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

POTATOES

Attention continued to focus on the weather and rumours of possible MAFF action to combat the recent rhizomania scare. The market opened 60p up at £130.00, basis April, and quickly rose a further £1.00 to establish the day's range. The session was otherwise quiet with range limited and volume thin, reports Coley and Harper.

	Yesterd'ys close	Previous close	Business done
	£ per tonne		
Nov.			
Feb.			
April	130.50	129.90	131.00-130.00
May			

Sales: 234 (264) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	
Arab Heavy	—	
Dubai	17.10-17.30	−0.175
Brent Blend	18.40-18.45	+0.025
W.T.I. (1 pm est)	19.30-19.35	−0.10
Forcados (Nigeria)	—	
Urals (cif NWE)	—	
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	180-183	—
Gas Oil	157-158	—
Heavy fuel Oil	97-99	+3
Naphtha	159-161	—

* October. Petroleum Argus estimates

SOYABEAN MEAL

	Yesterday's close	+ or −	Business done
	£ per tonne		
October	125.0-124.0	−0.30	124.2-123.5
December	122.5-123.0	−0.10	123.3-123.9
February	125.5-127.0	−1.40	
April	126.5-127.0	−1.40	
June	127.5-129.0	−1.90	
August	127.5-129.0	−1.90	
October	127.5-129.0	−1.90	

Sales: 137 (191) lots of 20 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales for the week ending August 28 amounted to 412 tonnes, against 1,144 tonnes in the previous week. Buying centred mainly on American, African and Middle Eastern growths, including Russian.

US MARKETS

COMMISSION HOUSE selling in crude oil futures eased prices despite trade support, reports Drexel Burnham Lambert. Local selling of the October / November switch was noted. In the products commission house selling was evident in the face of scale-down buying by the locals. Gold firmed on trade and local buying, platinum fell on local selling and silver eased on fund selling and mixed profit-taking. Copper traded quiety, the only feature being switch activity between September and December. Sugar rallied on trade buying in light volume, coffee eased as local liquidated longs while in cocoa fears that the ICCO meeting may break up prompted commission house and speculative selling, touching off stops, to ease prices despite trade and manufacturer scale-down buying. Cotton rallied on commission house buying despite trade selling. Orange juice firmed in light volume in local-dominated activity. Cattle continued to reflect high rates of slaughterings, easing in the nears, but firming in forwards on expectations of future tight supplies. Pork bellies fell in response to lower cash prices, while local short-covering steadied hogs. The grains and the soyabean complex were quiet. Maize eased as cash prices fell. Soyabean meal firmed due to a slowdown of export activity in Brazil, a factor which helped to steady soyabean futures.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	76.90	79.50	—	—
Oct	76.90	78.50	—	—
Nov	75.90	76.50	—	—
Dec	72.90	75.50	75.10	72.90
Jan	72.90	74.50	—	—
March	70.90	72.50	—	—
May	68.90	70.50	—	—
July	67.00		—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1924	1995	1972	1931
Dec	1934	1986	1976	1945
March	1963	2013	2002	1966
May	1976	2032	2010	1970
July	1995	2050	2030	2020
Sept	2019	2069	2050	2026
Dec	2042	2095	2065	2065

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
Sept	114.30	115.63	115.50	114.30
Dec	117.72	118.53	118.76	117.70
March	120.10	121.38	121.10	120.05
May	122.30	122.90	123.25	122.30
July	122.76	124.25	—	—
Sept	124.00	125.25	125.00	124.10
Dec	125.13	131.50	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
Sept	77.16	77.05	77.40	76.75
Oct	76.30	76.95	—	—
Nov	76.30	76.25	—	—
Dec	74.95	74.70	75.10	74.60
Jan	74.60	74.25	—	—
March	73.40	73.10	73.40	72.80
May	72.60	72.50	—	—
July	72.10	72.30	72.70	72.10
Sept	71.90	71.45	71.90	71.60
Dec				

COTTON 50,000; cents/lb

	Close	Prev	High	Low
Oct	77.42	77.10	77.90	76.90
Dec	77.53	77.28	77.90	77.25
March	78.30	77.98	78.50	77.75
May	78.60	78.30	78.80	78.20
July	78.50	78.42	78.76	78.30
Oct	70.05	70.30	70.55	70.55
Dec	70.05	70.05	70.30	70.00

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Oct	19.55	19.73	19.72	19.48
Nov	19.38	19.50	19.52	19.33
Dec	19.30	19.43	19.45	19.28
Jan	19.30	19.37	19.38	19.22
Feb	19.27	19.33	19.30	19.27
March	19.25	19.29	19.28	19.19
April	19.25	19.28	19.28	19.22
May	19.20	19.26	19.18	19.18

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Sept	454.6	453.0	—	454.0
Oct	455.8	454.5	456.5	453.8
Nov	459.1	458.0	—	—
Dec	463.0	461.9	464.5	459.4
Feb	469.1	467.8	470.0	465.0
April	474.8	473.5	474.9	572.8
June	480.6	479.4	481.0	475.3
Oct	493.0	491.5	493.5	491.0
Dec	499.3	498.0	499.5	501.0
Feb	505.8	504.3	—	—
June	520.5	518.3	520.3	520.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Oct	52.25	52.39	52.40	51.71
Nov	52.90	53.01	52.95	52.30
Dec	53.65	53.71	53.70	53.05
Jan	54.25	54.38	54.30	53.80
Feb	54.50	54.75	54.50	54.20
March	53.50	53.80	53.50	53.50
April	52.25	52.65	52.70	52.25
May	51.30	51.50	51.30	51.10
June	50.80	51.50	50.80	50.80

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	Prev	High	Low
Sept	132.20	130.40	133.00	129.75
Nov	129.65	127.95	129.85	128.00
Jan	128.40	127.10	128.40	127.00
March	128.00	127.50	128.00	127.15
May	128.00	127.50	127.50	127.50
Sept	129.95	128.35	129.40	128.50

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	599.9	597.2	604.0	595.5
Jan	607.5	604.5	611.0	602.5
April	615.1	612.1	612.5	612.0
July	622.7	619.6	618.0	618.0
Oct	630.3	627.2	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Sept	732.7	738.3	751.0	722.0
Oct	737.2	742.9	—	—
Dec	747.0	753.0	766.0	737.0
Jan	751.6	757.5	—	—
March	761.6	767.5	780.0	755.0
May	772.0	778.8	787.0	765.0
July	783.0	789.0	799.0	778.0
Sept	794.1	801.1	814.0	790.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Oct	5.80	5.63	5.81	5.64
Jan	6.11	6.05	—	—
March	6.56	6.45	6.58	6.46
May	6.85	6.74	6.85	6.79
July	7.07	6.94	7.07	6.98
Oct	7.24	7.10	7.25	7.15
Jan	7.42	7.33	—	—
Jan	7.32	7.28	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	65.55	65.90	66.27	65.55
Dec	66.62	67.05	67.65	66.55
Feb	65.87	66.67	66.30	65.60
April	66.42	65.90	66.15	65.70
June	65.15	64.65	65.05	64.80
Aug	65.75		67.35	66.90
Oct	65.95	65.90	66.05	65.80

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Oct	51.10	50.77	51.40	50.55
Dec	49.77	48.70	49.82	48.55
Feb	47.65	47.62	47.60	47.15
April	43.27	43.15	43.45	43.05
June	44.90	44.70	45.15	44.75

MAIZE 5,000 bu min, cents/56lb bushel

	Close	Prev	High	Low
Sept	156.6	158.6	158.0	156.4
Dec	165.2	166.4	166.4	165.0
March	173.6	174.4	174.4	173.4
May	180.6	181.6	181.4	180.4
July	184.4	185.0	185.0	184.4
Sept	181.2	182.2	183.0	181.2
Dec	186.2	187.0	187.0	186.4

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	61.57	62.05	63.15	61.55
March	61.32	61.85	62.85	61.25
May	62.00	62.40	63.20	61.92
July	61.30	61.70	61.80	61.00
Aug	60.47	60.77	60.47	59.60

SOYABEANS 5,000 bu min, cents/60lb bushel

	Close	Prev	High	Low
Sept	508.0	507.6	509.0	507.6
Nov	506.4	506.0	507.4	504.6
Jan	511.2	510.6	512.0	509.6
March	518.0	518.4	519.4	516.0
May	523.6	523.4	524.2	522.0
July	526.4	526.0	527.0	525.0
Aug	526.0	525.4	526.0	525.0
Sept	518.0	517.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
Sept	150.2	150.0	150.2	149.2
Oct	150.4	149.9	150.4	149.4
Dec	152.6	152.6	152.7	151.5
Jan	153.4	153.0	153.5	152.4
March	154.1	154.1	154.3	153.4
May	154.1	153.9	154.3	153.6
July	154.1	152.9	154.5	154.0
Aug	154.1	152.9	154.0	154.0
Sept	154.1	152.9	154.0	153.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
Sept	15.55	15.56	15.56	15.53
Oct	15.80	15.86	15.86	15.80
Dec	16.21	16.20	16.27	16.12
Jan	16.35	16.39	16.45	16.30
March	16.66	16.70	16.75	16.60
May	16.90	16.97	16.98	16.88
July	17.15	17.18	17.18	17.10
Aug	17.17	17.17	17.17	17.16
Sept	17.20	17.25	17.20	17.20

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
Sept	275.0	274.0	276.4	272.2
Dec	288.4	286.6	289.6	285.4
March	292.2	290.6	293.0	289.2
May	283.0	282.4	284.0	280.4
July	271.4	272.6	272.6	270.4
Sept	276.4	278.0	—	—

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 727.5 (745.0) cents per troy ounce. New York tin 319-320 (318-319) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar $147.40 (£90.20), down 20c (down 60p) a tonne for September/October delivery. White sugar $182.20, down 20c.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	130.8-131.8	128.4-128.6	131.0-126.4
Dec	138.4-140.0	134.0-135.6	138.6-135.0
Mar	148.8-150.0	145.4-145.8	148.8-145.4
May	155.8-156.8	149.8-150.2	152.8-150.8
Aug	158.2-158.8	153.8-154.6	155.8-155.8
Oct	162.8-163.0	158.8-159.2	162.8-160.4
Dec	166.6-169.0	162.0-165.0	—
No. 5 Whites			
Oct.	180.0-181.5	178.8-180.4	181.2-178.8
Dec	181.0-181.8	179.5-180.6	182.6-180.0
Mar	188.4-187.0	184.0-185.0	188.5-184.5
May	189.8-190.6	188.8-190.4	190.0-190.5
Aug	195.0-194.8	192.0-192.8	192.8-192.5
Oct	196.0-198.4	196.8-198.6	197.8-196.1
Dec	193.8-200.6	198.6	—

Sales: No 6 2,558 (2,126) lots of 50 tonnes; No 5 1,679 (3,824).

Tate and Lyle delivery price for granulated basis sugar was £194.50 (£195.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 28: Daily price 5.42 (5.32); 15-day average 5.63 (5.65).

PARIS—(FFr per tonne): Oct 1094-1098, Dec 1101-1108, March 1132-1135, May 1158-1163, Aug 1187-1188, Oct 1214-1218.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or −	Business done
	US$ per tonne		
Sept.	156.00	−2.75	158.50-56.00
Oct	157.50	−0.75	158.25-57.25
Nov	159.00	−1.75	160.75-58.75
Dec	160.75	−1.75	162.75-60.75
Jan	163.50	—	163.50

Turnover: 3,601 (6,018) lots of 100 tonnes.

JUTE

JUTE—September/October, c and f Dundee: BTC $570, BWC $560, BTD $495, BWD $485; c and f Antwerp: BTC $540, BWC $530, BWD $475, BTD $485.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound weathers the storm

STERLING SHOWED an overall gain on the day as news of another trade deficit failed to have much impact. A current account deficit of £310m in July compared with a revised shortfall of £140m in June had been discountd to a large extent. The figures were not as bad as the worst predictions and speculators who had run short ahead of the figures tended to cover their positions.

In addition UK interest rates retained an attractive edge and other news suggesting a favourable economic outlook tended to lend support. Middle East tension and its effect on oil prices was also an underlying factor giving support.

Sterling's exchange rate index finished at its best level of the day at 72.8, up from 72.5 at the opening and Friday's close. Against the dollar it rose to $1.6400 from $1.6335 and DM 2.9725 compared with DM 2.9575. It was also higher against the yen at 232.75 from Y232.0. Elsewhere it finished at SFr 2.4550 from SFr 2.4375 and FFr 9.9475 compared with FFr 9.88.

The dollar finished little changed overall. Trading was extremely nervous as traders reacted to reports that central banks, including the Bundesbank, Swiss central bank and also the US Federal Reserve had been active in a modest way. There was little incentive to test the dollar's downside and the resistance level at DM 1.8050 was not seriously tested.

US construction spending fell by 0.2 per cent in July compared with an adjusted fall in June of 1.3 per cent while leading economic indicators rose by 0.5 per cent against a 1.0 per cent rise in June. These economic pointers tended to be ignored.

The dollar closed at DM 1.8125 from DM 1.8110 and Y141.85 against Y141.95. Elsewhere it finished at SFr 1.4965 from SFr 1.4925 and FFr 6.0650 against FFr 6.0475. On Bank of England figures, the dollar's exchange rate index fell from 101.1 to 100.8.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. August average 1.8573. Exchange rate index 146.7 against 148.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8116 down from DM 1.8152 on Monday.

Once again speculators were a little wary of pushing the dollar too low because central banks were showing signs of their intention to support the US unit. Others suggested that this was at best a holding action and that recent comment about the US trade deficit meant that a further downward adjustment in the dollar's value would be hard to avoid

A rise in West German second quarter GNP of 1.5 per cent compared with a 0.5 per cent fall in the first quarter appeared to have little effect.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 224.4 against 209.4 six months ago.

Trading remained nervous as speculators resisted the temptation to push the dollar sharply weaker because of fears that the Bank of Japan would give substantial support to the US unit. The latter still closed down however at Y141.60 from Y142.45 in New York and Y142.35 in Tokyo on Monday.

Renewed tension in the Gulf also advised a degree of caution. Nevertheless the dollar's sentiment remained extremely bearish and was not helped by comments made by Mr Clayton Yeutter, US Trade representative, when he suggested that the US trade deficit was unlikely to improve significantly this year.

£ IN NEW YORK

Sept. 1	Latest	Previous Close
£ Spot	1.6325-1.6335	1.6300-1.6310
1 month	0.37-0.36 pm	0.38-0.36 pm
3 months	1.23-1.19 pm	1.25-1.22 pm
12 months	4.15-4.05 pm	4.25-4.15 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 1	Previous
8.30 am	72.5	72.3
9.00 am	72.5	72.3
10.00 am	72.7	72.4
11.00 am	72.8	72.4
Noon	72.6	72.4
1.00 pm	72.7	72.4
2.00 pm	72.7	72.3
3.00 pm	72.7	72.4
4.00 pm	72.8	72.5

CURRENCY RATES

Sept. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.790060	0.698350
U.S. Dollar	5.5	1.29317	1.14460
Canadian $	8.75	*	1.50908
Austrian Sch.	4	16.4853	14.5856
Belgian Franc	7¼	48.6943	43.0711
Danish Krone	7	9.01665	7.97783
Deutsche Mark	3.0	2.34271	2.07229
Neth. Guilder	4½	2.63871	2.33452
French Franc	9½	7.83208	6.92995
Italian Lira	12	NA	1500.34
Japanese Yen	2½	183.372	162.246
Norway Krone	8	8.59829	7.60870
Spanish Peseta	—	157.328	139.126
Swedish Krona	7½	8.24590	7.28878
Swiss Franc	3.5	1.93135	1.70945
Greek Drach.	20½	178.385	157.920
Irish Punt	—	NA	0.778372

*C$/SDR rate for Aug. 31: 1.70890.

CURRENCY MOVEMENTS

Sept. 1	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.8	−20.7
U.S. Dollar	100.8	−6.3
Canadian Dollar	78.4	−9.8
Austrian Schilling	137.4	+10.1
Belgian Franc	99.7	−4.7
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Sept. 1	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	61.70-61.80	37.60-37.70
Malaysia	4.1145-4.1250	2.5120-2.5130
Mexico	2450.00-2466.70	1496.00-1505.00
N. Zealand	2.6860-2.6910	1.6390-1.6410
Saudi Ar.	6.1385-6.1440	3.7500-3.7510
Singapore	3.4440-3.4510	2.1025-2.1035
S. Af. (Cm)	3.3260-3.3415	2.0385-2.0490
S. Af. (Fn)	5.5035-5.6950	3.3615-3.4785
Taiwan	48.95-49.20	30.05-30.15
U.A.E.	6.0120-6.0170	3.6725-3.6735

*Selling rate.

Correction for August 26, Australia £2.2670-2.2710.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0711	+1.44	+0.80	±1.5344
Danish Krone	7.85212	7.97783	+1.60	+0.96	±1.6404
German D-Mark	2.05853	2.07229	+0.67	+0.03	±1.0981
French Franc	6.90403	6.92995	+0.38	−0.26	±1.3674
Dutch Guilder	2.31943	2.33452	+0.65	+0.01	±1.5012
Irish Punt	0.768411	0.778372	+1.30	+0.66	±1.6684
Italian Lira	1,483.58	1,500.34	+1.13	+1.07	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Sept 1	Day's spread	Close	One month	p.a.	Three months	% p.a.
US	1.6300-1.6415	1.6395-1.6405	0.40-0.37 cpm	2.82	1.27-1.22 pm	3.04
Canada	2.1542-2.1614	2.1600-2.1610	0.20-0.11 cpm	0.86	0.65-0.53 pm	1.09
Netherlands	3.33½-3.35½	3.34½-3.35½	1½-1¼ cpm	4.93	4⅛-4 pm	4.93
Belgium	61.44-61.81	61.70-61.80	18⅝-17⅞cpm	3.50	59-51pm	3.56
Denmark	11.38¼-11.44½	11.43½-11.44½	⅛pm-½ore dis	−0.07	⅝pm-⅜dis	0.04
Ireland	1.1115-1.1180	1.1155-1.1165	0.02dis-0.05 pm	0.16	0.14 dis-0.04 pm	−0.18
W. Germany	2.95¼-2.97¾	2.96¾-2.97¾	1⅝-1⅜ pfg pm	6.06	4¾-4½ pm	6.22
Portugal	232.07-234.43	233.46-234.43	81-134 c dis	−5.51	243-332 dis	−4.92
Spain	198.78-199.55	199.12-199.55	86-118 c dis	−6.14	197-246 dis	−4.44
Italy	2141¼-2.54¾	2152-2153	5-9 lire dis	−3.90	14-19 dis	−3.07
Norway	10.85¼-10.92¾	10.91¾-10.92¾	3⅝-4 ore dis	−4.05	9¼-9¾ dis	−3.50
France	9.88¼-9.95¼	9.94¼-9.95¼	2-1½ c pm	1.51	5¼-4¾ pm	2.11
Sweden	10.40¼-10.45½	10.44½-10.45½	1⅛-⅝ ore pm	1.00	3⅛-2⅞ pm	1.10
Japan	231½-23	232¼-233¼	1⅝-1⅞ y pm	6.44	3¾-3½ pm	6.25
Austria	20.80-20.97	20.93-20.97	10⅝-10 gro pm	5.98	31⅛-29⅞ pm	5.80
Switzerland	2.43¾-2.46	2.45-2.46	1½-1¼c pm	6.72	4⅛-3⅞ pm	6.62

Belgian rate is for convertible francs. Financial franc 62.10-62.20. Six-month forward dollar 2.40-2.35 c pm. 12-month 4.15-4.05 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6305-1.6415	1.6395-1.6405	0.40-0.37c pm	2.82	1.27-1.22pm	3.04
Ireland†	1.4660-1.4725	1.4685-1.4695	0.25-0.20c pm	1.84	0.89-0.78 pm	2.27
Canada	1.3165-1.3205	1.3165-1.3175	0.21-0.24c dis	−2.05	0.64-0.67 dis	−1.99
Netherlands	2.0355-2.0440	2.0415-2.0425	0.35-0.32c pm	1.97	0.98-0.94pm	1.90
Belgium	37.56-37.70	37.60-37.70	2.80-1.80pm	0.73	7.00-5.00pm	0.64
Denmark	6.95¼-6.98	6.97¼-6.97¾	0.90-1.40ore dis	−1.98	3.75-4.25 dis	−2.30
W. Germany	1.8065-1.8150	1.8120-1.8130	0.51-0.48pf pm	3.28	1.48-1.43pm	3.21
Portugal	142¼-142¾	142¼-142½	90-150c dis	−8.42	250-400 dis	−9.12
Spain	121.30-121.86	121.50-121.60	95-115c dis	−10.36	290-260dis	−8.06
Italy	1308-1314	1312¼-1312¾	6.90-8.00lire dis	−6.63	19.50-21.50dis	−6.25
Norway	6.63½-6.66¼	6.65¾-6.66¼	3.75-4.00ore dis	−7.00	11.00-11.25dis	−6.69
France	6.04¼-6.06¾	6.06½-6.06¾	0.33-0.43c dis	0.75	1.25-1.55 dis	−0.92
Sweden	6.35½-6.38	6.37-6.37½	1.00-1.20ore dis	−2.07	3.00-3.20 dis	−1.95
Japan	141.30-141.95	141.80-141.90	0.42-0.39y pm	3.43	1.18-1.13 pm	3.26
Austria	12.72-12.76½	12.74½-12.75	3.90-2.52gro pm	2.83	10.00-8.00pm	2.83
Switzerland	1.4900-1.4970	1.4960-1.4970	0.47-0.43c pm	3.61	1.35-1.30 pm	3.55

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.85-37.95

EURO-CURRENCY INTEREST RATES

Sept. 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	10-9⅞	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 9¼-9⅜ per cent; three years 9½-9⅝ per cent; four years 9⅝-9¾ per cent; five years 9¾-9⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept. 1	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.336	0.552	1.	76.30	3.347	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.296	7.046	12.77	1000.	42.74	10.55	[illegible]	9248.	9.282	265.3
F. Fr.	1.005	1.649	2.988	234.0	10.	2.468	3.368	2164.	2.172	62.08
S Fr.	0.407	0.668	1.211	94.81	4.052	1.	1.365	876.8	0.880	25.15
H Fl.	0.299	0.490	0.887	69.48	2.969	0.733	1.	642.5	0.645	18.43
Lira	0.465	0.762	1.381	108.1	4.621	1.141	1.556	1000.	1.004	28.69
C $	0.463	0.759	1.376	107.7	4.604	1.136	1.551	996.3	1.	28.58
B Fr.	1.619	2.656	4.814	376.9	16.11	3.976	5.425	3486.	3.499	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts up from early lows

GILT PRICES finished up from opening levels and Friday's close after some erratic movements during the day. Attention had focused on the release of UK trade figures and although the December price opened at 114-03, up from Friday's close of 113-31, it soon fell during the morning and the trend was accelerated sharply after the release of the trade figures so that the contract touched a low of 113-00.

However much of the hysteria reflected a knee jerk reaction and it soon became clear that although far from being encouraging, the current deficit was insufficient to underwrite any renewed push for higher bank base rates.

Consequently short covering developed in the afternoon and together with a reasonably bullish economic report from the CBI, prices finished close to the day's high at 114-24.

Three-month sterling deposits acted in much the same way. The December contract opened unchanged at 89.20, noting a defensive upward correction in cash rates ahead of the trade figures. After touching a low of 89.00 it rose to a high of 89.34 where it closed.

Both contracts were influenced in the afternoon by the strong performance of sterling which had already discounted another current account deficit.

US Treasury bonds opened on a brighter note at 86-17 for December delivery, up from 86.04 on Friday. An early attempt at a sell was partially successful in driving the price down to a low of 86-03 but it soon recovered, helped mainly by a better dollar tone and signs that central banks were likely to embark on concerted action in order to preclude a speculative dollar sell off.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
108	7.08	7.49	0.24	0.59
110	5.29	6.17	0.45	1.27
112	4.00	4.59	1.16	2.05
114	2.49	3.50	2.01	2.60
116	1.50	2.52	3.02	3.62
118	1.07	2.03	4.23	5.13
120	0.42	1.28	5.58	6.38
122	0.24	—	7.40	—

Estimated volume total, Calls 1,165 Puts 36576

Previous day's open int: Calls 15,895 Puts 100,96

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
80	6.16	6.27	0.17	0.39
82	5.16	4.57	0.36	1.05
84	3.49	3.38	1.05	1.50
86	2.25	2.33	1.45	2.45
88	1.21	1.44	2.41	3.56
90	0.46	1.05	4.02	5.17
92	0.22	0.42	5.42	6.54
94	0.10	0.25	7.30	8.37

Estimated volume total, Calls 95 Puts 20

Previous day's open int: Calls 304 Puts 264

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Oct.	Puts—Last Sept.	Puts—Last Oct.
23000	3.95	8.27	7.05	6.87
23250	3.04	7.05	8.64	8.15
23500	2.30	5.96	10.40	9.56
23750	1.71	5.00	12.31	11.10
24000	1.24	4.16	14.34	12.76
24250	0.89	3.43	16.49	14.53
24500	0.62	2.81	18.72	16.41
24750	0.43	2.27	21.03	18.37

Estimated volume total, Calls 14 Puts 24

Previous day's open int: Calls 295 Puts 202

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	[illegible]
1.45	[illegible]
1.50	[illegible]
1.55	[illegible]
1.60	[illegible]
1.65	[illegible]
1.70	[illegible]
1.75	[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]
[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	[illegible]
1.500	[illegible]
1.525	[illegible]
1.550	[illegible]
1.575	[illegible]
1.600	[illegible]
1.625	[illegible]
1.650	[illegible]

LIFFE/EURODOLLAR OPTIONS

[illegible]
[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]
[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT BOND

[illegible]
[illegible]

THREE-MONTH STERLING £500,000 points of 100%

[illegible]
[illegible]

FT-SE 100 INDEX

[illegible]
[illegible]

THREE-MONTH EURODOLLAR

[illegible]
[illegible]

U.S. TREASURY BONDS 8%

[illegible]
[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]
[illegible]

IMM—STERLING Se per £

	Latest	High	Low	Prev
Sept.	1.6380	1.6410	1.6355	1.6295
Dec.	1.6255	1.6290	1.6235	1.6750
Mar.	1.6155	1.6200	—	1.6065
June	1.6060	1.6060	—	1.5950

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6388	1.6385	1.6300	1.6287
Dec.	1.6267	—	—	1.6156
Mar.	1.6160	—	—	1.6048

Estimated volume 6 (292)

Previous day's open int 893 (906)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]
[illegible]

U.S. TREASURY BILLS (IMM)

[illegible]
[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6703	0.6726	0.6693	0.6692
Dec.	0.6765	0.6790	0.6756	0.6754
Mar.	0.6825	0.6841	0.6825	0.6816
June	—	—	—	0.6875

JAPANESE YEN (IMM)

[illegible]
[illegible]

DEUTSCHE MARK (IMM)

[illegible]
[illegible]

THREE-MONTH EURODOLLAR (IMM)

[illegible]
[illegible]

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Sept.	332.45	333.05	330.60	330.85
Dec.	335.45	336.00	333.60	333.80
Mar.	338.30	338.60	336.60	336.60
June	341.10	341.40	339.80	339.40

MONEY MARKETS

UK rates steady after figures

INTEREST RATES rose in reaction to UK trade figures but eased back in the afternoon to finish unchanged from Friday's levels.

A £310m current deficit was not greeted with any enthusiasm but much of its impact had already been discounted and with sterling finishing on a strong note so any tensions within the market evaporated.

Three-month interbank money was quoted at 10⅛-10⅞ per cent briefly but came back to finish at 10⅞-10⅝ per cent which was down from 10½-10⅜ per cent on Friday.

Overnight interbank money opened at 9¾-9½ per cent and eased to a low of 7½ per cent before finishing bid at 11 per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a shortage of around £200m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £301m and Exchequer transactions a further £200. These were partly offset by a fall in the note circulation of £230m and bank's balances brought forward £85m above target.

The forecast was revised to a shortage of around £250m and the Bank gave assistance in the morning of £193m through outright purchases of £8m of eligible bank bills in band 3 at 9⅞ per cent and £185m in band 4 at 9⅞ per cent.

A further revision took the forecast to a shortage of around £400m before taking into account the earlier help and the Bank gave additional assistance in the afternoon of £5m through outright purchases of eligible bank bills in band 4 at 9⅞ per cent.

Late help came to £195m, making a total of £393m.

In Frankfurt the Bundesbank offered to provide fresh funds for the money market through a 35-day sale and repurchase tender at a fixed rate of 3.6 per cent. Successful applicants will receive their allocations today. The new offer coincides with a maturing 28-day facility which will drain DM 5.3bn from the market. Most dealers expect the Bundesbank to replace most of the money leaving the system in order to allow short term rates to ease a little more. Call money was quoted at 3.85-3.95 per cent down from 3.9-4.1 per cent on Monday as end of month strains unwound.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 1) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 3/16	offer 7 5/16	bid 7 ⅜	offer 7 ½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¼
Broker loan rate	8-7½
Fed. funds	6⅝
Fed funds at intervention	6 11/16

Treasury Bills and Bonds

One month	5.75	Three year	8.24
Two month	5.92	Four year	8.41
Three month	6.33	Five year	8.55
Six month	6.63	Seven year	8.80
One year	7.18	10 year	8.97
Two year	7.96	30 year	9.16

September 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	N/A	3.85-3.95	3.80-4.00	3.85-4.00	4.15-4.30	5.0
Paris	7⅛-7¼	7 7/16-7 9/16	7 11/16-7 13/16	7 13/16-7 15/16	8 1/16-8 3/16	7½
Zurich	⅞-1⅛	3⅛-3⅜	—	3½-3¾	—	—
Amsterdam	5⅛-5¼	5⅛-5¼	—	5¼-5⅜	—	—
Tokyo	3.3438	3.7188	—	3.71813	—	—
Milan	11⅞-12¼	12½-13	—	12⅝-13⅛	—	—
Brussels	3.50	6⅞-6 15/16	—	6 7/16-6 11/16	—	—
Dublin	9-9¼	9¼-9⅝	9⅝-9¾	9⅞-10⅛	10½-10¾	—

LONDON MONEY RATES

Aug. 29	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-7⅛	9⅝-9⅞	9 13/16-9 11/16	10 3/16-10⅛	10 13/16-10⅝	11-10⅞
Sterling CDs	—	—	9 13/16-9 11/16	10 3/16-10 3/16	10⅝-10½	10 11/16-10 9/16
Local Auth'rity Deps.	9¼	9¼	9 13/16	10⅛	10 13/16	10⅞
Local Authority Bonds	—	—	9⅞	10⅛	10⅝	11
Discount Mkt Deps.	10-8	9¼	9⅝	9⅞	—	—
Company Deposits	9½-8½	9½	9 13/16	10½	10¾	11
Finance House Deposits	—	—	9⅞	10½	10¾	11
Treasury Bills (Buy)	—	—	9 13/16	9 13/16	—	—
Bank Bills (Buy)	—	—	9 13/16	10⅛	10¼	—
Fine Trade Bills (Buy)	—	—	10 3/16	10⅜	10⅝	—
Dollar CDs	—	—	7.05-7.00	7.15-7.10	7.40-7.35	7.95-7.90
SDR Linked Deposits	—	—	6 7/16-6 5/16	6 7/16-6 5/16	6¾-6½	[illegible]
ECU Linked Deposits	—	—	7⅛-7	7⅜-7¼	7 9/16-7 7/16	7 13/16-7 11/16

Treasury Bills (sell); one-month 9 13/16 per cent; three-months 9 11/16 per cent; Bank Bills (sell): one-month 9⅝ per cent; three months 10 per cent; Treasury Bills; Average tender rate of discount 9.8670 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9⅞ per cent; six-nine months 10 per cent; nine-12 months 10⅛ per cent; Under £100,000 8 per cent from August 18, Deposits withdrawn for cash 5 per cent.

Company Notice

KOMMUNLANEINSTITUTET AKTIEBOLAG

7½% 1978/1993 UA 15,000,000

On August 20, 1987 Bonds for the amount of UA 1,275,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be redeemable coupon due October 12, 1988 and following attached on and after October 12, 1987.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning: at 1546 up to 3008 incl.

Amount outstanding: UA 7,650,000

Bonds previously drawn and not yet presented for redemption:

[illegible]

6048 to 6050 incl. 6081 to 6083 incl. 6087 to 6090 incl.
6117 to 6120 incl. 6127 to 6130 incl. 6143 and 6144
6148 to 6150 incl. 6188 to 6191 incl. 6212
6222 and 6223 6226 to 6230 incl. 6236 to 6238 incl.
6257 to 6259 incl. 6487 and 6488 6500 to 6502 incl.
6504 to 6511 incl. 6530 to 6537 incl. 6546 to 6548 incl.
6554 to 6559 incl. 6564 to 6575 incl. 6576 to 6581 incl.
6592 and 6593 6615 to 6625 incl. 6669 to 6671 incl.
6695 to 6708 incl. 6712 and 6713 6755 to 6760 incl.
6783 to 6797 incl. 6858 to 6860 incl. 7019 to 7080 incl.
7049 and 7050 7179 to 7184 incl. 7780
12793 to 12795 incl. 12800 to 12803 incl. 13536 to 13539 incl.
13672 to 13674 incl.

Luxembourg, September 1, 1987

THE FISCAL AGENT KREDIETBANK S. A. Luxembourgeoise

Motors

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY SEPTEMBER 1 1987					MONDAY AUGUST 31 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	163.61	+1.4	147.91	151.59	2.40	161.39	146.47	150.92	163.61	99.92	76.55
Austria (16)	97.11	−0.3	87.79	91.41	2.26	97.36	88.37	91.75	101.62	85.53	94.24
Belgium (48)	132.90	−0.1	120.15	124.22	3.81	133.08	120.78	124.55	134.89	96.19	90.54
Canada (129)	137.71	−0.3	124.49	131.32	2.26	138.16	125.40	132.01	141.78	100.00	99.16
Denmark (39)	122.88	−0.3	111.09	116.58	2.40	123.23	111.84	116.98	124.21	98.18	94.82
France (121)	114.50	−0.4	103.51	108.93	2.60	114.98	104.35	109.07	121.82	98.39	99.73
West Germany (92)	104.93	+0.6	94.86	98.87	1.92	104.27	94.64	98.17	104.93	84.00	98.76
Hong Kong (45)	147.06	+1.3	132.95	147.40	2.41	145.22	131.80	145.58	147.06	96.89	77.35
Ireland (14)	143.31	+0.5	129.55	137.46	3.25	142.61	129.44	137.07	145.41	99.50	81.97
Italy (76)	89.26	−0.7	80.69	87.49	2.09	89.88	81.58	87.94	112.11	84.22	107.57
Japan (458)	152.08	+0.0	137.49	136.37	0.50	152.14	138.08	136.51	161.28	100.00	99.92
Malaysia (36)	171.90	−3.4	155.40	166.34	2.23	177.91	161.47	172.41	193.64	98.24	96.33
Mexico (14)	370.58	+3.1	335.01	607.97	0.50	359.27	326.07	584.89	370.58	99.72	62.17
Netherland (37)	129.44	+0.6	117.02	120.64	3.73	128.71	116.82	119.84	131.41	99.65	100.95
New Zealand (24)	124.69	+0.0	112.72	108.59	2.72	124.75	113.22	109.65	125.32	83.93	70.95
Norway (24)	174.00	+0.1	157.30	157.29	1.73	173.74	157.69	157.41	174.00	100.00	107.34
Singapore (27)	165.10	−2.6	149.25	160.00	1.53	169.52	153.86	164.54	174.28	99.29	92.88
South Africa (61)	181.72	+2.2	164.28	135.84	2.99	177.74	161.32	136.36	198.09	100.00	91.99
Spain (43)	159.69	+0.6	144.36	147.05	2.69	158.71	144.05	146.63	159.69	100.00	100.58
Sweden (33)	127.30	+0.6	115.08	120.10	1.93	126.60	114.90	119.47	130.84	90.85	94.12
Switzerland (53)	108.39	+0.5	97.98	100.56	1.65	107.81	97.85	99.76	109.22	92.01	95.13
United Kingdom (333)	152.30	+1.3	137.68	137.68	3.20	150.30	136.42	136.42	162.87	99.65	99.90
USA (589)	132.14	−1.9	119.46	132.14	2.77	134.68	122.24	134.68	137.42	100.00	103.80
Europe (929)	127.41	+0.7	115.18	118.03	2.78	126.51	114.82	117.34	128.35	99.78	99.77
Pacific Basin (683)	152.24	+0.0	137.63	137.13	0.64	152.19	138.13	137.23	158.77	100.00	98.26
Euro—Pacific (1612)	142.38	+0.3	128.72	129.53	1.40	141.99	128.87	129.32	143.65	100.00	98.86
North America (718)	132.44	−1.8	119.73	132.12	2.75	134.87	122.41	134.56	137.55	100.00	103.56
Europe Ex. UK (596)	111.97	+0.2	101.22	105.87	2.41	111.75	101.43	105.56	111.97	98.02	99.73
Pacific Ex. Japan (225)	154.22	+0.9	139.42	146.29	2.37	152.86	138.74	145.84	154.22	99.92	77.59
World Ex. US (1816)	142.79	+0.3	129.09	129.96	1.45	142.39	129.23	129.78	143.38	100.00	98.75
World Ex. UK (2072)	137.29	−0.7	124.11	130.31	1.80	138.29	125.51	131.34	138.82	100.00	100.80
World Ex. So. Af. (2344)	138.34	−0.5	125.06	130.91	1.93	139.10	126.25	131.73	139.47	100.00	100.76
World Ex. Japan (1947)	132.18	−0.8	119.50	128.24	2.74	133.25	120.94	129.41	134.03	100.00	107.08
The World Index (2405)	138.62	−0.5	125.31	130.98	1.94	139.35	126.48	131.80	139.73	100.00	100.71

Base values: Dec 31, 1986 = 100

The latest prices for Ireland were not available for August 31. UK and Hong Kong markets closed for public holiday on August 31.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$440	11	28	2	38.50	—	—	$454
GOLD C	$460	27	18	38	27.50	—	—	"
GOLD C	$480	122	9.50	28	21	7	29.50	"
GOLD C	$520	114	4.10	—	—	—	—	"
GOLD P	$420	10	3.40	—	—	—	—	"
GOLD P	$440	116	6.50	—	—	—	—	"
GOLD P	$460	4	15.50	30	20	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$550	6	200	—	—	—	—	$741
SILVER C	$650	—	—	8	125	—	—	"
SILVER C	$700	10	45	2	86	—	—	"
SILVER P	$750	—	—	30	60	—	—	"
		Sep 87		Oct 87		Nov 87		
$/Fl C	Fl.330	4,208	—	—	—	—	—	Fl.334.70
		Dec 87		Mar 88		June 88		
£/Fl C	Fl.330	4,608	—	—	—	—	—	Fl.334.70
		Sep 87		Oct 87		Nov 87		
$/Fl C	Fl.200	—	—	28	5.30	—	—	$Fl.204.05
$/Fl. C	Fl.205	2	1.20	24	2.30	16	3.50	"
$/Fl. P	Fl.200	40	0.70	15	1.60	—	—	"
$/Fl. P	Fl.205	239	2.70	4	3.50	1	4.70	"
$/Fl. P	Fl.220	10	16.20	—	—	—	—	"
$/Fl. P	Fl.225	20	21.20	—	—	—	—	"
		Dec 87		March 88		Jun 88		
$/Fl C	Fl.200	—	—	5	7.30B	27	8.30	Fl.204.05
$/Fl C	Fl.205	12	4	10	5	2,380	5.60	"
$/Fl C	Fl.210	10	2.30	29	3.60	—	—	"
$/Fl C	Fl.220	—	—	14	1.40	12	2.10	"
£/Fl C	Fl.230	0.30	—	—	—	—	—	"
$/Fl P	Fl.195	2	1.80	10	3.60	—	—	"
$/Fl P	Fl.200	15	3.50	—	—	—	—	"
$/Fl P	Fl.205	13	5.80	—	—	—	—	"
$/Fl. P	Fl.220	10	16.50	—	—	—	—	"
$/Fl. P	Fl.225	20	21.20	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.52	504	1.30	171	3.20	59	4.50	Fl.50.90
ABN P	Fl.44	2550	0.10	—	—	—	—	"
AEGON C	Fl.90	150	4.20	17	7.80	—	—	Fl.91.50
AEGON P	Fl.95	57	5	154	7	9	7.40	"
AHOLD C	Fl.115	7	—	26	4.30	—	—	Fl.107
AHOLD P	Fl.100	31	1.80	—	—	—	—	"
AKZO C	Fl.190	410	2.40	86	6.50	7	10	Fl.175
AKZO P	Fl.170	135	3.90	48	7	2	8.50	"
AMEV C	Fl.65	46	1.40	94	3.90B	20	3.50	Fl.61.40
AMEV P	Fl.65	68	4.60	39	3.30	10	—	"
AMRO C	Fl.90	157	2.40	121	5.50	3	7.20	Fl.88.30
AMRO P	Fl.90	59	3.60	21	5	—	—	"
ELSEVIER C	Fl.60	232	3.90	23	6.60	—	—	Fl.60
GIST-BROC.C	Fl.50	441	1.60	113	3.80A	32	5.50A	Fl.47.90
GIST-BROC. P	Fl.45	425	0.90	272	2.50	—	—	"
HEINEKEN C	Fl.190	128	7	87	13	18	17.50	Fl.189.30
HOOGOVENS C	Fl.45	76	5.30B	20	7.50B	3	8.60	Fl.48.80
HOOGOVENS P	Fl.45	107	1	47	2.50	—	—	"
KLM C	Fl.55	282	1.60	435	3.70	84	5.80	Fl.52.50
KLM P	Fl.55	261	3.70	39	4.70B	—	—	"
NEDLLOYD C	Fl.200	40	3.50	11	9.50	6	14.50	Fl.180.90
NEDLLOYD P	Fl.170	96	5.50	5	10.50	5	14.50	"
NAT.NED. C	Fl.80	505	2.20	329	4.80	3	6.60	Fl.77.40
NAT.NED P	Fl.75	139	1.90	7	2.60	—	—	"
PHILIPS C	Fl.55	305	1.10	101	2.80	75	3.90	Fl.52.50
PHILIPS P	Fl.50	186	0.80	34	2.10	4	3.10B	"

TOTAL VOLUME IN CONTRACTS: 30,034

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred.	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe Guarantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst.Gr'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	¶11.3
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst.	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sunrise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,419

HIGHLANDER

ACROSS

1 Square peg in round hole, for example: dab dry (4,3,2,5)
10 Put underground during wintertime (5)
11 Poker is one where one has to get rid of clubs (4,5)
12 When amounts are added on for trial sessions (7)
13 Walked horse round very quietly (7)
14 Tense chosen at random (5)
16 Take a walk by the sea — and please get changed (9)
19 Old queen cries out for something to develop muscles (9)
20 In diplomacy one is taken for granted (5)
22 Confer record on American vessel (7)
25 Leave is interrupted by terrorist deed (7)
27 Take a chance coming by river (9)
28 Avoid putting notice in the day before (5)
29 Individual debts are involved in this type of suit (6-8)

DOWN

2 Gallery goes under during setback, leaving nothing (9)
3 Sound frequency causes aural discomfort (5)
4 Opens up international organisation which takes firm measures with printers (9)
5 Chelsea exhibitor risks showing iris variety (5)
6 Colourless needle-fish (9)
7 First of the impoverished to rise up in a body (5)
8 Note is about outstanding balance (7)
9 Reptile found in Cornish tip (6)
15 Ignoring English, cannot rule change at night? (9)
17 Carry on, said Sir Blakeney, change course (9)
18 Make fast time to port (9)
19 Upright courses of action finish top (7)
21 It's fitter perhaps on top of loaf in London (6)
23 Pythagoras' conclusion on plane figure is thus (5)
24 It produces small explosion: not impressive if damp (5)
26 Host will provide iron (5)

Solution to Puzzle No. 6,418

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS. 01-280 2860

American Growth	117.2	124.6	-0.9	1.13
(Accum Units)	122.8	129.9	-0.9	1.13
American Income	51.4	54.8	-0.2	2.61
(Accum Units)	51.4	54.9	-0.2	2.61
American Sm Cos Fd.	53.4	56.9	-0.7	0.45
(Accum Units)	53.4	56.9	-0.7	0.45
British Blue Chip Fund	53.8	56.9	+0.4	4.20
(Accum Units)	58.6	62.0	+0.5	4.20
European Growth	158.7	167.9	+0.9	1.48
(Accum Units)	165.8	175.4	+1.0	1.48
European Income	85.9	90.4	+0.4	3.30
(Accum Units)	90.3	95.5	+0.6	3.30
Exempt	377.7	399.4	-0.4	1.51
(Accum Units)	631.2	667.9	-0.6	1.51
General	378.0	400.0	+0.0	8.38
(Accum Units)	102.9	102.8	+0.1	8.38
Gilt	32.9	35.9	-0.1	0.67
(Accum Units)	32.9	35.9	-0.1	0.67
Global Fund	42.9	45.3	+0.1	9.66
(Accum Units)	43.2	45.7	+0.2	9.66
High Income Fund	52.7	55.7	+0.1	4.86
(Accum Units)	53.5	56.6	+0.2	4.86
High Interest Fund	124.7	131.9	-0.4	2.65
(Accum Units)	140.9	157.2	-0.5	2.65
Income	318.9	337.4	+0.3	1.38
(Accum Units)	399.0	422.2	+0.3	1.38
International	219.5	232.2	-0.6	0.51
(Accum Units)	225.2	238.3	-0.6	0.51
Japan	58.8	62.2	-0.9	0.10
(Accum Units)	58.8	62.2	-0.9	0.10
Pacific Fund	319.1	337.6	-0.9	1.27
(Accum Units)	347.0	367.1	-1.0	1.27
Recovery	319.9	338.5	+0.8	1.75
(Accum Units)	55.8	59.0	+0.1	1.75
UK Smaller Co's Fund	358.1	349.2	+1.7	2.26
(Accum Units)	352.2	364.3	+2.6	2.26

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 26	629.3	637.5		1.06

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45384

UK Income Fund	61.4	65.3	-0.2	4.59
Accum Units	62.2	66.2	-0.2	4.55
UK Growth Fund Acc	61.8	65.7		1.92
Global Income Fund	49.6	52.7	-0.3	3.80
Accum Units	49.6	52.7	-0.3	3.80
Global Growth Fund	51.5	54.7	-0.3	0.65

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	126.2	133.8		1.14
(Accum Units)	174.5	184.9		1.14
Commodity & Gen.	195.8	207.8		1.90
(Accum Units)	279.5	296.8		1.90
European Growth	139.3	147.7		0.95
(Accum Units)	168.0	178.2		0.95
Extra High Inc	73.8	78.3		6.36
(Accum Units)	91.0	96.5		6.36
Gilt & Fxd. Int.	51.4	54.5		8.63
(Accum Units)	90.6	96.0		8.63
High Yield	221.2	234.6		4.12
(Accum Units)	391.1	415.0		4.12
Income	245.9	260.8		2.85

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	119.2	126.9	-0.1	1.02
PM Income and Growth	105.5	112.3	-0.1	2.94
PM N American Growth	60.1	63.9	-1.6	0.33
PM European Growth	53.3	56.7	+0.4	0.56
PM Japan Growth	77.0	81.9	+0.8	0.34
PM Overseas Growth	58.8	62.5	-0.6	0.42

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	82.7	87.3		0.85
Holborn Equity Income	72.5	76.7		3.35
Holborn Equity Tst.	589.2	623.4		2.17
Holborn European Tst.	126.2	133.5		0.42
Holborn Gilt Tst.	203.9	212.7		2.26
Holborn High Inc Tst	89.0	94.1		4.99
Holborn Intl Grth Tst.	128.1	135.5		0.64
Holborn Japanese Tst.	146.5	155.0		0.04
Holborn N. Amer. Tst.	100.8	106.6		0.45
Holborn Smr Cos Tst.	77.8	84.4		1.38
Holborn Spec Sits Tst.	104.2	110.2		1.35
Holborn UK Growth Tst.	216.1	222.0		1.52

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	654.9	693.1	+15.5	1.41
Quadrant Income	321.6	340.8	+7.4	3.91
Quadrant Intl. Fund	465.9	492.4	-6.2	1.01
Quadrant Spec. Sits	450.0	476.2	+15.7	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	242.6	258.0	-0.1	2.36
Reliance Unit Tst (Inc)	168.6	179.3	+1.0	1.47
Reliance Ul Tst (Acc)	226.9	241.3	+1.3	1.47

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	53.1	55.8	-0.1	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-694 2981/4

NC America (Inc)	396.6	398.0	-3.6	0.69
NC America (Acc)	371.3	395.0	-8.4	0.69
NC Inc Fd.	125.0	132.9	-0.1	3.02
NC Japan Fd.	224.5	238.8	+1.6	0.0
NC Major UK Cos Fd.	70.3	74.7	-0.4	1.81
NC Smlr Australasian	92.8	98.7	+0.2	0.30
NC Smlr Canadian CoFd	51.3	54.6	-0.2	0.89
NC Smaller Cos	248.2	264.0	-0.3	0.87
NC Smaller European	207.1	220.3	+1.4	0.33
NC Prop.*	157.2	171.6		(z)

*Unauthorised Unit Trust

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Grwth Acc	88.4	94.0	-0.4	—
RBC Select Income	81.9	87.1	-0.2	—
RBC Select Inc Acc	83.9	89.2	-0.2	—
RBC Select N. American	54.0	57.4	-0.5	—
RBC Select Intnl	59.5	63.2		—

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	441.8	465.1		—
Property	282.3	297.2		—
Equity	557.2	586.5		—
Gilt Edged	348.3	366.6		—
Deposit	205.5	216.3		—
Investment	237.3	249.2		—
International	446.0	469.5		—

Pension Fund Prices

Managed Init.		328.9		—
Do. Accum.		404.3		—
Property Init.		246.2		—
Do. Accum.		302.4		—
Equity Init.		432.0		—
Do. Accum.		528.8		—
Gilt-Edged Init.		221.8		—
Do. Accum.		272.6		—
Guaranteed Init.		158.6		—
Do. Accum.		195.0		—
International Init.		536.0		—
Do. Accum.		658.2		—
Index Lk. Gilt Init.		134.5		—
Do. Accum.		165.2		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	317.9	+0.8	—
Property Pens.	425.6	+1.6	—
Equity	396.0	+0.3	—
Equity Pens.	883.8	+2.5	—
Money Market	293.5	+1.1	—
Money Mkt. Pens.	527.8	+2.1	—
Deposit	238.4	+0.1	—
Deposit Pens.	380.8	+0.2	—
Managed	296.1	+0.8	—
Managed Pens.	570.3	+2.2	—
Intl. Equity	361.1	-0.2	—
Do. Pens.	588.3	-0.2	—
Intl. Managed	328.2	-0.1	—
Do. Pens.	490.0	+0.1	—
North American	138.8	-0.5	—
Do. Pens.	160.9	-0.8	—
Far East	306.8	-2.3	—
Do. Pens.	445.6	-3.4	—
Intnl. Currency	161.5	+0.1	—

National Provident Inst.—Contd.

Far East Initial
Far East
Prop. Initial
Prop.
Fixed Int. Initial
Fixed Int.
Indexed Gilt Initial
Indexed Gilt
Deposit Initial
Deposit
NPI Pensions Management Ltd
Managed Fund
Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS

NUAM Funds
Managed Fund
Stock Market Mngd Fund
Equity Fund
International Fund
European Fund
North American Fund
Pacific Fund
Property Fund
Fixed Interest Fund
Index Linked Sec Fund
Deposit Fund
NUAM Retirement Plans
Mixed Fund
UK Ordinary Share
International Fund
Property Fund
Fixed Interest Fund
Index Linked Sec Fund
Deposit Fund
NUAM (NF)
Managed Fund
Equity Fund
Property Fund
Fixed Interest Fund
Deposit Fund
International Fund
Index Linked Sec Fund

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101[illegible]	100[illegible]	Treas. 12pc 1987	100[illegible]	.....	11.97	10.00
99[illegible]	97[illegible]	Treas 7¾pc 1985-88‡‡	99[illegible]	.....	7.81	9.62
102[illegible]	99[illegible]	Exch 10½pc '88	99[illegible]	+[illegible]	10.51	10.50
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	99[illegible]	+[illegible]	9.82	10.61
97[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	+[illegible]	3.12	7.69
101[illegible]	98[illegible]	Treas. 9½pc '88	98[illegible]	+[illegible]	9.61	10.54
105[illegible]	101[illegible]	Treas 11½pc 1989	101[illegible]	+[illegible]	11.36	10.53
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	98[illegible]	+[illegible]	9.64	10.47
94[illegible]	89[illegible]	Treas 3pc 1989	92[illegible]	+[illegible]	3.25	7.49
104[illegible]	99[illegible]	Treas 10½pc 1989	99[illegible]	+[illegible]	10.51	10.52
103[illegible]	98[illegible]	Exch 10pc 1989	99	+[illegible]	10.10	10.56
105[illegible]	100[illegible]	Exch 11pc 1989	100[illegible]	+[illegible]	10.92	10.57
95[illegible]	89[illegible]	Treas 5pc 1986-89	92[illegible]	–[illegible]	5.41	9.00
108[illegible]	99[illegible]	Exch 10¼pcCv '89	100[illegible]	+[illegible]	10.23	10.12
111[illegible]	105	Treas 13pc 1990‡‡	105[illegible]	+[illegible]	12.34	10.35
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	101[illegible]	+[illegible]	10.88	10.44
110[illegible]	104[illegible]	Exch. 12½pc 1990	104[illegible]	+[illegible]	10.96	10.43
91[illegible]	84[illegible]	Treas. 3pc 1990	88[illegible]	+[illegible]	3.40	7.97
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	95[illegible]	.....	8.66	10.21
105	97[illegible]	Treas. 10pcCv 1990	98[illegible]	+[illegible]	10.14	10.50
89[illegible]	81[illegible]	Exch 2½pc 1990	85[illegible]	+[illegible]	2.95	10.49
110[illegible]	102[illegible]	Treas 11¾pc 1991	103[illegible]	+[illegible]	11.37	10.49
95[illegible]	87[illegible]	Funding 5¾pc '87-91‡‡	88[illegible]	+[illegible]	6.50	9.61
89[illegible]	80[illegible]	Treas. 3pc 1991	84[illegible]	–[illegible]	3.56	70%
110[illegible]	99	Treas 10pc Cv '91 ‡‡	99[illegible]	+[illegible]	10.02	10.04
109[illegible]	101[illegible]	Exch. 11pc 1991	101[illegible]	+[illegible]	10.81	10.44
96[illegible]	91[illegible]	Treas. 8pc 1991	92[illegible]	+[illegible]		
116[illegible]	107[illegible]	Treas 12¾pc 1992‡‡	108[illegible]	+[illegible]	11.79	10.36
106[illegible]	97[illegible]	Treas 10pc 1992	98[illegible]	+[illegible]	10.11	10.30
99[illegible]	90[illegible]	Treas. 8pc 1992 ‡‡	91[illegible]	+[illegible]	8.78	10.45
108[illegible]	99[illegible]	Treas 10½pc Cv 1992‡‡	100[illegible]	+[illegible]	10.45	10.34
85[illegible]	79[illegible]	Treas. 3pc 1992	79[illegible]	.....	3.74	8.03
115[illegible]	106[illegible]	Exch. 12¼pc '92	106[illegible]xd	+[illegible]	11.47	10.43
		Five to Fifteen Years				
121[illegible]	110[illegible]	Exch 13½pc 1992	111[illegible]	+[illegible]	12.09	10.47
107[illegible]	97[illegible]	Treas 10pc 1993‡‡	98[illegible]	+[illegible]	10.16	10.36
118[illegible]	108[illegible]	Treas 12½pc 1993‡‡	108[illegible]	+[illegible]	11.49	10.44

BRITISH FUNDS—Contd

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30 3/4	22 7/8	Sara Lee $1	28 1/4xd	–1/4	$1.00	—	2.2
11 7/16	8 7/8	Saul (B. F.) $1	11 1/4xd	.....	20c	—	1.1
25 1/8	19 7/8	Southwestern Bell $1	24 1/8	–1/4	$2.32	—	5.9
19	14 1/4	Staley Continental	18 5/8	.....	80c	—	2.6
44 7/16	36 3/4	Sun Co. Inc. $1	38 13/16	+3/16	$3.00	—	4.7
42 1/4	28 1/4	TRW Inc. $0.625	39 3/16	+1/8	$1.60	—	—
34 7/8	25 7/8	Tenneco $5	32 7/8	.....	$3.04	—	5.7
202 1/2	149 1/2	Do. 10pcLn.Stk. 91-5	202 1/2xd	.....	10%	—	5.0
29 5/8	17 3/16	Texaco $6.25	26 1/4xd	–1/4	$3.00	—	7.0
74 3/16	47 1/4	Time Inc. $1	67 1/2xd	–2 1/4	$1.00	—	0.9
15 1/4	11	Tracor $0.33	14 1/2	+1/4	40c	—	1.7
30 5/8	18 7/8	Transamerica $1	27 1/4	–1/4	$1.76	—	3.9
14 1/4	922p	Transworld Corp $5	13	+1/4	20c	—	0.9
49 1/2	29 3/4	TRINOVA Corp.	48 1/8	.....	$1.00	—	1.3
24 7/16	15 5/16	USX $1	23	.....	$1.20	—	3.2
19 5/8	15 3/16	Union Carbide $1	17 1/8	–1/4	$1.50	—	5.2
37 1/4	26 7/8	Utd. Technologies	35 1/4xd	+1/4	$1.40	—	2.4
38 5/8	27	US West	35 1/8	–1/4	$3.28	—	5.7
30 1/2	17 1/4	Waste Management $1	28 1/2	–1/2	—	—	—
£31 1/4	£20 1/2	Whirlpool $1.0	£23 5/8	–1/4	—	—	—
37 1/8	26	Woolworth $3 1/2	32 1/4	–1 1/8	$1.32	—	2.5

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	[illegible]		tq9.25	2.9	3.4	14.1
430	316	Pearl Group 5p	379	+1	10.5	—	3.8	—
£11¼	804	Prudential	£10½	+⅛	29.0	—	3.9	—
580	433	Refuge 5p	557		15.75	—	3.9	—
589	423	Royal	551	+13	15.5	—	3.9	—
105	97	Sabre Ins. Invs.	100		—	—	—	—
345	274	Sedgwick Group 10p	305	+5	12.0	1.7	5.4	13.0
339	207	Steel Burrill J.10p	270		9.0	2.0	4.6	14.9
668	403	Stewart Wr. 20p	570	–4	13.0	2.0	3.1	20.2
612	377	Sturge Hldgs 20p	530		6.0	2.5	1.6	34.7
£11	645	Sun Alliance	989	+11	23.5	—	3.3	—
£12½	929	Sun Life 5p	£11¼		28.5	—	3.3	—
£69½	£39	Taisho M. EDR	£53½	–1½	Q10%	—	0.8	—
£22⅜	£14⅝	Torchmark $1.00	£20	–⅛	Q$1.00	—	3.1	—
380	235	Trade Indemnity	375		4.3	—	1.6	—
£34	£24⅞	Travelers $1.25	£28		$2.28	—	4.8	—
£30¼	£22⅜	USF & G Corp $2.50	£25⅛	–⅛	Q$2.40	—	6.1	—
£33⅜	£20⅞	USLIFE Corp. $1.0	627		Q$1.20	3.2	2.7	5.9
728	555	Utd Friendly B 10p	718		21.0	—	4.0	—
464	367½	Willis Faber 12½p	379	+1	10.75	2.4	3.9	14.4
126	43	Windsor Secs. 10p	125	+7	10.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	13½	A & M Group 10p	24½	–½	—	—	—	♦
242	189	Airtours 10p	194		5.4	2.5	3.9	14.1
549	302	Anglia TV	486	–18	11.25	3.3	3.2	13.5
184	108	Aspinall Hldgs. 10p	172	–1	6.0	1.2	4.8	23.6
141	63	Avesco 1p	108	–2	0.5	6.7	0.6	30.5
65	40	BCE Hldgs 5p	53½	–½	Ld1.0	♦	2.6	♦
255	132	Barr & W.A.T. 'A'	255	+10	8.0	1.4	4.3	20.5
58	19	Bond Media	47		—	—	—	—
235	165	Boosey & Hawkes	230		—	—	—	—
85	45	Border T.V.	58	–2	1.4	♦	3.4	♦
439	43½	Brent Walker 10p	380	–1	g8.5	2.2	3.6	18.3
292	110	Campari Int. 20p	286	–2	3.0	5.1	1.4	14.6
306	211	Castle Comms. 5p	283	–3	7.0	2.2	3.5	18.0
211	127	Capital Radio 10p	173	+1	5.0	1.8	4.0	18.8

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

1987 High	Low	Stock	Price	+ or –	Div Net
116	78	Mass Advertising 5p	93		dL2.45
189	113	Norton Opax 10p	163	+3	4.0
£28	£17⅛	Ogilvy Group $1	£25½	+1½	Q84c
205	57	Olives Paper 20p	185	+5	♦—
336	291	Osborne & Little 5p	323	+2	3.9
128	53	Oxley Communications	128		1.25
218	110	Peters (Michael)	191	+6	2.6
699	533	Saatchi 10p	669xd	+20	12.14
138½	112½	Do. 6.3pcCnvPrf£1	127½xd	+1	6.3%
980	412½	St Ives 10p	836		4.5
£52⅞	£38⅞	Scott Paper	£50⅞xd	–⅛	Q$1.12
610	333	Sandwich 2p	610		4.22
485	248	Smith (David S.) 20p	445	+3	5.25
550	313	Smurfit (Jefferson)	543	+8	Q22.2%
103	73	Space Planning Servs.	95		F1.2
58	31	Stanco Exhibition 5p	56		0.29
143	85	Sterling Pub. 5p	120		2.2
245	115	TMD Advertising	198		2.0
96	57	Thorpac Group 2½p	85	+4	1.17
288	199	Usher Walker 10p	269		8.05
546	151	VPI Group 5p	538		1.5
		For Valin Pollen see VPI Group			
372	203	WCRS Group 5p	352	–3	3.13
£11¼	534½	WPP Group 10p	805	–10	3.2
370	69	Wace Group 20p	280		21.0
335	190	Waddington (J.)	280	+3	6.0
555	252½	Watmoughs	555		6.5
398	165	Wiley Nathy-Lewis 10p	385	–3	14.0
287	133	Yellowhammer 5p	260	–5	2.1

PROPERTY

1987 High	Low	Stock	Price	+ or –	Div Net
139	74	Allied London 10p	113	–2	1.75
306	164	Arlington Sec 10p	265	+7	g2.2
800	340	Asda Property 20p	695		9.5
18	7	Austmark Int.	12		—
213	155	BDA Hldgs. 10p	183	–1	12.5

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
151	47	Corton Beach 10p	125	+5	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	167	+4	—	—	—	—
62	18	Eglinton Oil Ir.5p	20	–1	—	—	—	—
41	17	Do. Warrants	18		—	—	—	—
186	101	Far East Res. 10p	130		—	—	—	—
75	55	Gardner (J.) 5p	73		R1.25	2.5	2.3	23.3
34	29	Honorbilt 5p	32		—	—	—	26.9
87	68	Lynx Tech. 5p	70		b—	—	—	8.0
82	17	Publishing Hldgs 5p	65	–2	—	—	—	36.5
7½50	45½	Theme Holdings	77		1.0	1.9	1.8	41.3
153	140	UPL Group 10p	140		L2.41	2.8	2.4	—
140	111	Unit Group	140		R4.4	2.5	4.5	[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	95	+2	Fin. 13% 97/02	£103⅝xd	
Craig & Rose £1	638	+25	Arnotts	380	
Finlay Pkg. 5p	111	–1	CPI Hldgs	95	–1
Holt (Jos) 25p	1005		Carroll Inds.	175	
IoM Stm. £1	173		Dublin Gas	20	
			Hall (R. & H.)	130	
IRISH			Helton Hldgs.	55xd	–1
Fund 11¼% 1988	£100½		Irish Ropes	215	
Nat. 9¾% 84/89	£97¼		Unidare	430xd	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* *New time dealings may take place from 9.00 am two business days earlier.*

Markets resume advance after trade figures provide a test for confidence

Disappointing economic numbers tested the new-found confidence of UK security markets yesterday and many traders were surprised by the eventual outcome. A firm early trend—a reflection of the latest CBI survey of short-term optimism in manufacturing industry—had given way *to indecision before 11.30 am* announcement of the July trade figures. A deficit of £310m on UK current account was marginally outside the range and compared with a revised June loss of £168m.

Marketmakers reacted hastily to the news, marking down both bond and share prices. Some feared a sharp shake-out, perhaps of similar proportions to those *experienced a few weeks ago.* Institutional investors, however, refused to alter their stance on markets and suggested that a temporary hiccup in the forward momentum could provide good buying opportunities.

Economists viewed the trade returns as slightly disappointing but not awful, bearing in mind the disastrous May figure. Composure slowly returned to the marketplace, although the day's play was largely inter-dealer with retail investors taking little part in the proceedings in either bond or share markets.

Volume overall was thin with relatively small orders tending to cause exaggerated price swings. This was noticeably apparent in the mid-afternoon when Wall Street opened on a buoyant note. The FT-SE 100 share index, *slightly easier at 2.00 pm, surged* forward as marketmakers and professional traders were squeezed for stock. In the final *hour the pace hotted up even* more and the index closed at the session's highest level, up 23.1 at 2,272.8.

The situation was repeated in the Gilt-edged market where early losses, running to ¾ among the longs, were finally replaced by *gains, stretching to almost a point.* Sterling was the key to the market's resilient performance. Its continued ascendency against both the dollar and the mark, despite the economic statistics, brought short-term interest rates back from initially higher levels and restored confidence to all financial markets.

Short-dated bonds were held back by the continuing presence of the tap, and the NatWest prediction that base lending rates could rise shortly from the present 10 per cent to 11 per cent. Meanwhile, retail interest for the longs could be inhibited by the Government bond auction, which is believed to be pencilled in for September 23.

Consolidated Gold Fields shares spurted to £13⅞ after a turnover *of 1.5m shares following Monday's* $6bn (£3.7bn) bid for **Newmont Mining** from the T. Boone Pickens-led Ivanhoe Partners group which recently increased its stake in Newmont to just under 10 per cent. Consolidated Gold Fields has a 26 per cent stake in Newmont.

Speculation centred on whether Consgold would accept the $85 a share bid from Ivanhoe, make a bid itself for Newmont or, as a press report suggested, Newmont could make a bid for Consgold. Dealers said overseas buying of Consgold, with emphasis on numerous US firms, was a feature of trading. **Minorco**, which has a 28 per cent stake in Consgold and is *ultimately* controlled by Harry Oppenheimer's Anglo American Corporation, gained ⅞ to £15¼.

Sears, the high street retailer which owns among others the Selfridges store in London, made early progress and touched 164p before easing to close 1½ at 163½p after a turnover of 2.9m shares. The intial rise was in the wake of news that Australia's Robert Holmes a Court, via his *Bell Group, has boosted his stake* in the company from 84.73m shares (5.66 per cent) to 103.99m shares (6.95 per cent).

Dealers reported a disappointing session in the clearing banks which, after a steady opening, drifted back on the trade figures before staging a good rally late in the day. NatWest, down to 732p during the morning, picked up well and closed a net 7 higher at 743p. **Lloyds**, 359p, and **Barclays**, 569p, were a shade firmer on the day but **Midland**, where the rights call is payable on Thursday, remained a few pence off at 453p. **TSB**, quoted in fully-paid form were 132p; the second and final *50p instalment has to be paid by 3* pm on September 8.

Merchant banks, recently unsettled by a sell recommendation *from securities house* Phillips & Drew, showed **Hambros** a shade *off at 344p and* **Kleinwort Benson**, where rumours suggest a possible *rights issue along with the interim* figures due on September 21, eased a shade to 574p. **Morgan Grenfell**, scheduled to announce *half-year results tomorrow*, dipped to 541p at one point before rallying to end the day barely changed at 545p. In money brokers rumours of an imminent £8 a share bid gave a further boost to **Inter City Holdings** which jumped 11½ to 279p.

Life assurances traded quietly—**Abbey** were ahead of a rumoured circular later in the week—but **Prudential** attracted persistent interest and put on ⅜ to £10⅛; the interims are due on September 9. Composites showed **Guardian Royals** 4 firmer at £10¼; estimates of the interim profits range from £70m to £94m. **Sun Alliance**, where brokers are going for interims in the range of £85m to £87m jumped 11 to 989p. **Royals** leapt 13 to 551p, after 558p. Dealers said interest in the insurance brokers was unlikely to pick up until Friday when sector leader **Sedgwick** announces half-year figures. **Minet**, *however*, were a firm market following persistent buying interest from the Continent and the shares edged up 4 to 409p. *Windsor Securities initially* fell to 115p but a flurry of speculative support, triggered a late revival to 125p, a net gain of 7.

Trading started yesterday in **Singer and Friedlander**, formerly Gilbert House Investments, and *the price touched 118p prior to* closing at 113p; S and F new nil paid shares were quoted at 8p premium.

Taylor Woodrow *dipped to 398p* after revealing interim profits at the lower end of market estimates, but the price subsequently rallied *on asset value considerations to* close only 13 down on balance at 410p. Among Cements, **Blue Circle** firmed 3 to 483p, after 474p, ahead of Friday's half-timer, while **Rugby Portland** were resilient and closed a penny dearer at 256p. Elsewhere, **Ibstock Johnsen** attracted good support ahead of next Tuesday's preliminary figures and gained 7 to 184p. **Magnet and Southerns**, a weak market last week following a series of profits downgradings, rallied 10 to 275p reflecting press comment suggesting that the fall had been overdone.

Chemicals took a breather after last week's good run. **ICI** were unchanged at £15⅛, but **Laporte** moved up late to close 9 up at 545p. **William Canning** were in demand ahead of the half-year *figures due next Monday* and rose 13 to 278p. **Croda International** deferred firmed 12 to 255p.

A substantial bear squeeze *developed in the Stores sector.* Attention at the outset was riveted on **Storehouse** where specula*tion in the weekend press pointed* to imminent developments on the much-heralded bid for the company. The shares touched 391p *early on but the absence of any* developments saw a retreat to 383p before a late rally prompted a closing level of 389p, a net gain *of 2; turnover in Storehouse total*led 2.8m shares. Elsewhere, **Dixons** spurted late and closed a net 11 higher at 344p while **W. H. Smith "A"** jumped 23 to 413p. **N. Brown Investments** leapt 35 to 860p in response to press comment, while profit-taking after the excellent interim results left **Executex** 15 cheaper at 190p.

Cable & Wireless, buffeted last *week by a sell signal from securities* house Phillips & Drew, staged a strong recovery and moved up 13 to 436p on a turnover *of 4.5m shares in the wake of two* sizeable buying orders. **BICC**, due to announce interim figures on September 9, added 6 to 382p.

Hawker featured strongly in the late dealings, advancing 14 to 613p in response to a revival of persistent US demand. Among the other Engineering leaders, **Vickers** edged up a few pence on hopes of tank orders from Nigeria. Elsewhere, **TI Group**, down to 426p at one stage, rallied to close 4 firmer on balance at 434p helped by a current recommendation from Chase Manhattan Securities in the wake of the Crane US acquisition. **Babcock**, in contrast, fell 12 to 262p at FKI declared its offer for the company unconditional. Press mention enlivened interest in **Blackwood Hodge** which closed 2 higher at 74p, while speculative activity continued in **Howden Group**, 2 dearer at 128½p.

Foods made a lack-lustre showing. **Cadbury Schweppes** were a shade better at 271p ahead of tomorrow's interim results. **Tate and Lyle** slipped to 828p at one *stage before moving up late in the* day to close 2 dearer at 834p.

Trading conditions in the miscellaneous industrial leaders was *extremely thin and sensitive.* However, a firm opening on Wall Street left most quotations better on the day. **Beecham**, however, jumped 13 to 541p amid late talk of a broker's circular.

Elsewhere, **Redfearn Glass** featured a gain of 12 at 518p in the wake of news that Overseas Strategic Investments had increased its holding in the company to 9.3 per cent. **Ipeco Holdings**, in contrast, tumbled 9 to 91p on the disappointing interim figures, but **Kenyon Securities**, reflecting the proposed one-for-one scrip issue, advanced 20 to 510p. **Fisons** were a relatively active market (some 1.6m shares changed hands) and closed 13 to the good at 364p. Week-end newspaper comment stimulated occasional interest in **Cookson**, 19 better at 808p and **P. and W. MacLellan**, 4 firmer at 162p. USM quoted **High-Point Services** met with renewed support and put on *16 more to 434p*, while **Hartons** responded to the bumper interim results with a gain of 5 at 87p. **Pentland Industries** rallied a few pence to 219p following news that its associate Reebok is buying Ellesse International, an Italian based ski wear and tennis wear maker. **Continuous Stationery** improved 6 to 178p on the property sale, while **AGB Research**, still reflecting recent figures, gained 10 to 261p.

Encalyptus Pulp responded smartly to the bumper half-yearly figures with a jump of 40 to 710p. **United Newspapers**, which recently announced a sponsored ADR programme in the US, continued to attract buyers and put *on 6 further to 556p.*

Bid speculation revived strongly in the Property sector with **Land Securities** the major beneficiary; *LS touched 565p at* one stage prior to closing 19 higher on balance at 557p. **MEPC** were 9 better at 532p and **Great Portland Estates** *firmed 8 to 307p.* **Slough Estates** traded quietly awaiting today's half-timer, but managed a small improvement at 277p. *Last week's high-flyer*, **Hammerson A**, encountered light profit-taking and settled 11 off at 650p; the shares have been strong recently on speculation about a major stake in the company changing hands. Confirmation that **Regalian** had sold its Thames bankside site to Pearson for £74.4m boosted the former's share price 20 to 265p; the Horseshoe Court building, as it is known, will become the new headquarters for the Financial Times. **Hampton Trust** attracted renewed support *on capital injection hopes* and rose 8 to 144p.

Worries over the worsening situation in the Gulf where attacks *on shipping and Iranian oil* installations by the Iraqis and retaliation by the Iranians have heightened fears of increasing US involvement in the crisis led to a further advance by oil and gas issues.

This was despite an erratic performance by crude oil prices which dipped sharply late in the afternoon to close with falls of around 20 cents a barrel.

British Gas, a poor market the previous week, picked up strongly amid talk of strong US buying interest and closed a net 6 higher at 173p after turnover of 7.1m shares. **BP**, where the Government's advertising campaign is gathering pace, settled 7 to the good at 375p on a turnover of 10m shares, **Shell** rose ¼ to £14, and **Britoil** 9½ to 336p. Renewed support lifted **Enterprise** a further 7½ to 315p and **LASMO** 7½ to 368p.

The T. Boone Pickens-led assault on Newmont and subsequent rise in Consgold gave a widespread boost to other mining issues, not least **RTZ** which advanced ¼ to £12⅝ also helped by the increased interim dividend from Australian associate CRA. **Greenwich Resources**, the London-*registered group developing* the Gebeit mine in the Sudan, moved up 15 to 393p in the wake of Press comment.

South African Golds made rapid progress following the settlement of the wage strike by black mineworkers late on Sunday evening. The closure of UK markets on Monday enabled US traders to mark gold share prices up in New *York and London dealers opened* share prices sharply higher at the outset yesterday. Cape and Continental buyers were quick to respond to a firmer trend in bullion and the Gold Mines index showed an 8.2 gain at 438.2. An impressive Johannesburg market debut by platinum stock Lefkochrysos—in the Cape the shares were placed at R11 and moved up to R24.5—saw the price move up to 435p in London, compared with an equivalent placing price of 200p.

Traded Options

Turnover in traded options fell to the lowest level this year. Calls totalling 12,613 and puts of 7,263 gave a final figure of 19,876 contracts.

Traditional Options

- **First dealings Sept 1**
- **Last dealings Sept 18**
- **Last declaration Dec 3**
- **For Settlement Dec 14**

For rate indications see end of London Share Service

Stocks dealt in for the call included Walker Greenbank, TV-am, Horace Cory, Inoco, Feedback, Broad Street, F.J.C. Lilley, Brent Walker, Singer and Friedlander, Pentland Industries, Control Securities, Helical Bar, Marler Estates, Camford, Harris Queensway, Ennex, Associated British Engineering, Greenwich Resources, ASDA-MFI, Bejam, Kingsley and Forrester, Charterhall, Marks and Spencer, Hanson Trust, British Land, Property Trust, Abaco, Rotaprint, Tricentrol, Coalite, Bula Resources, Rothmans, SI Group and Acorn Computer. Norfolk Capital were dealt in for the double.

FINANCIAL TIMES STOCK INDICES

	Sep. 1	Aug. 28	Aug. 27	Aug. 26	Aug. 25	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	84.98	85.05	84.96	84.94	85.29	89.72	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.02	92.58	92.77	92.77	92.29	95.30	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1778.9	1759.8	1755.1	1758.2	1768.5	1,322.7	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	438.2	431.5	435.6	4531.2	424.2	262.0	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.25	3.28	3.28	3.28	3.26	4.17				
Earnings Yld.%(full)	7.99	8.06	8.05	8.04	8.01	9.64				
P/E Ratio (net) (*)	15.38	15.24	15.26	15.28	15.34	12.73				
SEAQ Bargains (5 pm)	29,790	28,350	30,014	33,470	33,613	—				
Equity Turnover (£m)	—	754.42	224.82	955.41	1,215.33	551.86				
Equity Bargains	—	31,421	36,917	36,758	40,687	23,863				
Shares Traded (ml)	—	333.4	432.3	403.3	391.5	267.7				

S.E. ACTIVITY

Indices	Aug. 28	Aug. 27
Gilt Edged Bargains	98.9	100.4
Equity Bargains	203.6	239.2
Equity Value	1524.9	2475.7
5-Day Average		
Gilt Edged Bargains	105.6	109.3
Equity Bargains	248.5	273.4
Equity Value	2040.9	2376.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1764.8	1760.2	1758.3	1754.8	1755.2	1756.3	1758.9	1764.2

Day's High 1778.9 Day's Low 1746.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.12

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (74)

AMERICANS (3), CANADIANS (1), BANKS (2), BREWERS (1), BUILDINGS (1), CHEMICALS (3), STORES (4), ELECTRICALS (5), ENGINEERING (4), FOODS (3), HOTELS (2), INDUSTRIALS (12), LEISURE (1), NEWSPAPERS (1), PAPERS (1), PROPERTY (1), TEXTILES (1), TRUSTS (25), OILS (1), MINES (2).

NEW LOWS (5)

BANKS (1) MCorp, CHEMICALS (2) Novo Inds "B", ELECTRICALS (1), Systems Reliability.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,600	201	+2	Ladbroke	664	443	+3
Allied Lyons	856	417	—	Land Securities	3,500	557	+19
Amstrad	1,200	177	—	Legal & Gen.	537	315	+6
Argyll Group	853	429	+8	Lloyds Bank	660	360	+2
Assoc. Brit. Foods	50	350	—	Lonrho	1,200	300½	−½
BAT	1,800	649	+3	Lucas	182	727	+9
BET	1,500	278	−3	MEPC	191	532	+9
BICC	571	382	+6	Marks & Spencer	3,500	236	+5½
BOC	1,500	599	+9	Midland Bank	458	453	−2
BPB Inds	211	376	+10	Natwest Bank	905	743	+7
BPCC	2,300	381	−2	Next	445	326	+4
BTR	947	338	+4	Pearson	466	755	+4
Barclays	388	569	+1	P & O	684	700	+6
Bass	193	925	−4	Pilkington Bros	1,500	300	+7
Beecham	2,500	541	+13	Plessey	2,000	192	+3
Blue Circle	524	483	+3	Prudential	488	£10⅛	+⅜
Boots	652	311	+2	Racal	2,000	309	−1
Brit. Airways	4,600	197	−½	Rank Org.	289	691	−6
Brit. Aero	1,500	505	+1	RHM	499	328	—
Brit. & Comm.	201	487	−1	Reckitt & Col	47	£11⅛	+⅛
British Gas	7,000	173	+6	Redland	267	517	+2
Britoil	3,900	336	+9½	Reed Intl.	4,600	510	−1
BP	10,000	375	+7	Reuters	511	869	—
Brit. Telecom	3,500	271	−2	RMC	357	495	+9
Bunzl	687	260	—	RTZ	703	£12⅝	+¼
Burton	857	296	+5	Rolls-Royce	5,750	112½	−2½
Cable & Wire	4,300	436	+13	Rowntree	471	371	+1
Cadbury Schwps	1,000	271	+12	Ryl Bank Scotland	999	389	—
Coats Viyella	706	355	+4	Royal Insurance	1,000	551	+13
Comm. Union	1,000	361	+6	STC	777	289	+2
Cons. Gold	1,400	£13⅝	+½	Saatchi & Saatchi	700	669	+30
Cookson	249	808	+19	Sainsbury	1,700	256	—
Courtaulds	668	466	+5	Scott & Newcastle	204	249	—
Dee Corpn	746	290	+1	Sears	2,900	163½	+1½
Dixons Group	3,200	344	+11	Sedgwick	297	305	+5
English China Clays	90	481	+3	Shell Trans	1,700	£14	+¼
Fisons	1,700	364	+13	Smith & Nephew	3,200	173½	—
Gen. Accident	239	£10¼	+¼	Standard Chart	154	805	+2
Gen. Elect	6,200	212	−½	Storehouse	2,800	389	+2
Glaxo	800	£17¼	+⅞	Sun Alliance	455	989	+11
Globe Investment	1,200	179	+½	TSB	2,000	132	+1
Granada	354	323	—	Tarmac	1,000	290	+14
Grand Met	1,200	534	+4	Tesco	2,600	187	+2
GUS "A"	456	£12⅝	—	Thorn EMI	1,800	662	−3
Guardian R.E.	252	£10¼	+⅛	Trafalgar House	629	363	—
GKN	381	392½	+6½	T'house Forte	1,600	246	+2
Guinness	960	354	+1	Ultramar	754	278	+15
Hammerson	368	650	−11	Unigate	517	391	+5
Hanson Trust	5,300	189	+2	Unilever	311	636	+2
Hawker Sidd	441	613	+14	United Biscuits	733	321	+3
Hillsdown Hldgs	1,300	323	+3	Wellcome	407	469	+3
ICI	1,100	£15⅛	+⅛	Whitbread "A"	292	339	—
Jaguar	980	555	−4	Woolworth	1,800	349	+7

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On Friday Rises	On Friday Falls	On Friday Same
British Funds	71	26	16	90	7	16
Corporations, Dom. and Foreign Bonds	15	17	24	17	1	38
Industrials	447	446	688	506	317	753
Financial and Props.	171	141	297	227	91	290
Oils	41	24	50	28	32	55
Plantations	0	5	9	2	5	7
Mines	61	46	83	36	63	91
Others	51	115	94	38	128	98
Totals	857	820	1,261	944	644	1,348

LONDON TRADED OPTIONS

[illegible]

September 1. Total Contracts 19,876. Calls 12,613. Puts 7,263. FT-SE Index Calls 1,351. Puts 1,066. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
†110	F.P.	18/9	121	111	Adscene	113	......	L2.5	1.9	3.0	23.9
245	100	28/8	147	130	BAA	133	+1	L6.6	2.4	3.4	17.4
††	F.P.	—	84	65	BHP Gold Mines A$0.25	69	−1½	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	88	−2	—	—	—	—
$50	F.P.	—	93	68	‡Corp. Estates Props. 5p	83	......	L0.75	2.4	1.2	45.3
170	F.P.	28/8	230	205	Debenham Tewson 5p	230	......	L3.25	2.3	1.9	29.7
100	F.P.	—	114	103	F'st Spanish Inv. Tst. Units	114	+3	—	—	—	—
‡‡	F.P.	—	118	105	@Guidehouse Grp. 1p	108	−10	—	—	—	41.6
§‖	F.P.	—	100	85	Do. Warrants	90	......	—	—	—	—
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

GERMANY

SPAIN

AUSTRALIA (Continued)

JAPAN (Continued)

BELGIUM/LUXEMBOURG

SWEDEN

HONG KONG

DENMARK

SWITZERLAND

ITALY

JAPAN

SINGAPORE

FINLAND

NETHERLANDS

FRANCE

AUSTRALIA

SOUTH AFRICA

NORWAY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices September 1

MONTREAL

Closing prices September 1

F—No voting rights or restricted voting rights.

Total Sales 10,026,151 shares

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL Portfolio

* Indicates pre-close figure

NYSE—Consolidated 1500 Actives

LONDON — Most Active Stocks
Thursday, September 1, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
BP	10.80m	375	+ 7	Hanson Tr.	5.30m	189	+ 2
Brit Gas	7.90m	173	+ 6	Brit Airways	4.60m	197	− ½
Gen Elect	6.20m	212	− ½	Reed Intl	4.60m	510	− 1
Rolls Royce	5.70m	112½	− 2½	Cble & Wire	4.30m	436	+ 13
Brit Telecom	5.50m	271	− 2	Britoil	3.90m	338	+ 9½

TOKYO — Most Active Stocks
Tuesday, September 1, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nisshin Steel	74.38m	682	+12	Shimadzu	31.45m	1,250	+128
Sumitomo Chem	62.17m	1,800	+26	Mitsui Toatsu Chem	29.43m	787	+ 22
Nippon Kokan	60.54m	328	+14	Nippon Sheet Glass	29.27m	978	+ 74
Nippon Steel	54.84m	363	− 2	Yodogawa Steel Wks	26.81m	1,140	+120
Kawasaki Steel	42.28m	326	− 2	Teijin Ltd	25.73m	963	+ 23

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

Tr 1¾pc 2003/07	£112¾	+ $^{19}/_{32}$
Beecham	541	+13
Brit Gas	173	+ 6
Britoil	338	+ 9½
Cble & Wrless	436	+13
Canning (W.)	278	+13
Cons. Gld Flds	£13$^{13}/_{16}$	+ $^{7}/_{16}$
Enterpr. Oil	315	+ 7½
Eucal. Pulp Mills	710	+40
Hampton Tr	115	+ 9
Hawk. Sidd.	613	+14
Ibstock Jnsn	184	+ 7
Kenyon Secs	510	+20
Land Secs	557	+19
Pleasurama	199	+10
Redf. Nat. Glass	518	+12
Regalian Props.	265	+20
Smith (W.H.)A	413	+23
Ultramar	278	+13

FALLS:

Babcock Intl.	282	−12
Exec. Clths	190	−15
Ipeco Hldgs	91	− 9
Taylor Wood.	410	−13

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅜	20⅝	AAR s	.50	1.4	25	84	u37⅞	37	37	−⅜
52	22	ADT	.92	1.8	29	1150	51⅜	51⅛	51⅛	
31¼	16¾	AFG s	.16	.5	10	335	29½	29⅛	29¼	
22⅜	8⅜	AGS s			19	1126	21¼	20½	20⅝	+⅞
10⅞	6¾	AMCA				50	10	10	10	−⅛
9⅜	4⅞	AM Intl				933	8	7¾	7¾	+⅛
65½	50¼	AMR			12	5894	59⅞	58¼	58¼	−1⅛
25	22¼	ANR pf	2.12	9.4		8	22⅝	22½	22⅝	+⅛
12¾	8¼	ARX s			11	279	11½	11⅛	11⅛	−¼
73½	34⅜	ASA	2a	3.0		1827	66¼	65⅝	66	+½
20	9¾	AVX	.32	1.9	35	221	18⅛	16¾	17¼	−⅞
67	41	AbtLab	1	1.6	25	6575	64⅞	62⅛	62¼	−½
28	24¼	Abitibi g				237	26¼	25¾	26¼	+½
16¾	9¾	AcmeC	.40	2.6	16	130	15⅞	15¼	15¼	−½
10½	6⅛	AcmeE	.32b	3.4	59	30	9⅝	9⅜	9⅜	−⅜
23⅞	19	AdaEx	3.42e	16.		110	22⅛	21⅝	22	+⅜
19½	11⅜	AdmM s	.24	1.7	10	21	14⅜	13¾	13¾	−⅝
28¾	12⅛	AdvSys	.62t	2.2	19	335	28¾	28⅛	28½	−¼
24½	12⅞	AMD				5079	22¼	20⅞	21	−1
56⅝	47	AMD pf	3	5.5		315	55⅜	54½	54½	−⅜
11⅞	5¼	Adobe				110	10⅜	10	10	−¼
20½	14¾	Adob pf	1.84	9.3		24	19⅞	19⅞	19⅞	
21⅞	17	Adob pf	2.40	11.		7	21⅜	21⅜	21⅜	+¼
15	10⅜	Advest	.12a	1.1	9	145	11¾	11⅛	11⅛	−⅜
68¼	53	AetnLf	2.76	4.5	9	3460	62⅝	61⅛	61½	−½
83½	25½	AfilPb s	.32	.5	22	492	72⅝	70¾	70¾	−⅝
26⅞	18⅝	Ahmans	.88	4.0	8	9511	22½	21⅞	22¼	+⅛
5⅜	2⅞	Aileen				10	3⅜	3⅜	3⅜	
53⅞	31¾	AirPrd	1	2.0	21	1896	50	49¼	49⅝	−⅝

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

X Y Z

85	51	Xerox	3	3.8	18	9743	80½	78¾	79	−1⅛
58¼	53⅞	Xerox pf5.45		10.		346	54⅛	53⅞	54	
31½	21½	XTRA	.64	2.2	24	219	30⅞	28⅝	28⅝	−1½
27⅞	25⅝	XTRA pf1.94		7.2		12	27½	27	27	−½
31¾	15	Yorkln			15	218	31¼	30½	31	
7¼	2¼	Zapata				419	5⅞	5½	5½	−⅛
32⅞	20¾	Zayre	.40	1.4	10	2227	29¼	28⅝	28⅞	−⅜
14¾	9¾	Zemex	.40	3.2	8	7	12¾	12⅝	12⅝	−⅛
33⅝	18⅞	ZenithE			120	1140	30⅝	29¾	30	−⅝
13½	7⅛	ZenLab				5472	7⅛ d	6¼	6½	−¾
26	18¾	ZenNtl	.80	3.5	14	274	23	23	23	−¼
20⅝	12⅝	Zero	.36	1.9	19	129	19⅛	18¾	18¾	−½
30¾	17½	Zurnin s .68		2.5	19	360	28½	27⅝	27⅝	−¼
10⅜	8¾	Zweig n.65e		6.5		901	10⅛	10	10	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Rally collapses in final hour as $ falters

WALL STREET

LEADING Wall Street stocks collapsed in the final hour yesterday after a morning rally which extended only patchily to the broader market, *writes Gordon Cramb in New York.*

The Dow Jones industrial average, higher until 3pm, closed 51.98 down at 2,610.97 in brisk volume of some 193.5m shares. Declines outweighed advances by about three to one in the broader market, with the extent of the setback reflected in the NYSE composite index which shed 3.23 to 181.22.

Pressure on the dollar continued to create uncertainties in the debt markets, as did the reluctance of the Federal Reserve to assist liquidity. Some analysts now believe the Fed has slightly hardened its monetary stance although Mr Bob Farrell of Merrill Lynch said: "I don't think they are transmitting any dramatic signals yet."

Data on July leading economic indicators came in line with expectations, the half-point rise shown on the month tending to confirm the view that the economy is faring a little better.

Technology stocks were initially strong, but IBM, a poor feature last week, fell $5⅝ to $163, dragging the sector lower. Digital Equipment was down $4½ at $185⅛ although Unisys, which launched a range of three medium-sized computers, held at $44¾.

The parties to Monday's disposal of Fairchild Semiconductor both showed positive effects. National Semiconductor improved $½ to $16¾ on consideration of its strengthened presence in the industry. Schlumberger, which had long been seeking to sell Fairchild, picked up an early $⅛ before returning $⅞ lower at $46½.

The deal involving Columbia Pictures and other entertainment businesses of Coca-Cola left Coke $⅛ easier at $50½ and Tri-Star – to be enlarged hugely through the absorption of these – up $2½ in over-the-counter dealings to $13½.

Elsewhere, Newmont Mining at $88⅛ lost $3½ of Monday's $9½ run-up as the market awaited further manoeuvrings on the part of Mr T. Boone Pickens or others. His Mesa Limited Partnership put on $¼ to $16⅞. Among other producers Freeport McMoRan gained $1⅝ in sympathy to $28¼ and Homestake Mining firmed $¼ to $43¼.

McGraw Hill, the publishing group which has featured high on recent lists of potential takeover targets, continued $2 upward to $81⅛, extending its year's peak. Harcourt Brace dipped $⅝ to $9½.

Resilience in the pharmaceutical and health sector was led by Merck. It rose $1 to $205⅜ after its Lovastatin cholesterol lowering agent received the sanction of the Food and Drug Administration. Upjohn at $49½ was $⅛ easier and Pfizer added $1 to $71⅝.

The Detroit big three showed modest adjustments, if any, as the United Auto Workers pursued their wage negotiations. Ford, which has been chosen as the focus this time, was $1⅛ lower at $106⅜.

The union's decision is believed to have been based largely on the company's relatively strong financial position. General Motors lost $3¼ to $88⅜ on fears that it might ill be able to afford a pay deal based on a settlement which emerges at Ford. Mr Roger Smith, the chairman, said at a press conference he did not yet know whether GM would be in the black this quarter, a period which in the previous two years the company has reported a loss. Chrysler at $43¾ moved down $1⅛.

Away from the blue chips, many of those which were identified in the morning as receiving buying attention later relinquished all their gains and more. Among the exception were Curtiss Wright, $2 better at $68, and Gulf & Western, ahead $1¾ to $88⅝.

Kenner Parker Toys held unchanged at $50⅛ after saying it was in talks which could lead to an agreed acquisition of the company at upwards of $47 a share. This was the price being offered by New World Entertainment in a bid now stalled in the courts – New World shaded $⅛ lower to $9¾.

Credit markets attempted to sustain a rally which developed the previous afternoon. With a federal funds rate still on the high side at 6[15/16], the authorities again offered a token $1.5bn in customer repurchase arrangements, declining directly to provide reserves.

Three-month Treasury bill rates managed a dip of nine basis points from the previous evening's auction level, yielding 6.26 per cent on a bond-equivalent basis. Six-month yields were four basis points lower at 6.57 per cent. The 8¾ per cent long bond shed nearly a full point to 96[illegible] where it yielded 9.25 per cent.

CANADA

METALS continued to lead stocks in Toronto upwards with all major stock groups making ground. Resource issues picked up as investors found encouragement in a firmer US dollar.

Non-precious metal stocks built on Monday's gains, recovering further from a recent sell-off. Inco rose C$⅝ to C$27⅝, Falconbridge improved C$½ to C$27⅞ and Alcan gained C$⅛ to C$43.

Canadian Pacific climbed C$¾ to C$28 as rail service returned to normal after government legislation forced striking employees back to work.

In golds, Placer Dome won C$½ to C$27 and Hemlo Gold rose C$½ to C$25½. Lacana Mining, reporting higher first-half earnings, added C$½ to C$22⅞.

Forest product stocks joined in the resource rally, with British Columbia Forest Products up C$½ to C$24½ and Domtar ahead C$⅛ at C$21⅞.

EUROPE

Stable dollar lifts blue chips out of doldrums

BLUE CHIPS on major bourses in Europe rallied yesterday on prospects of a more stable dollar, leading markets higher after a quiet, lower start to the week.

Spanish and Norwegian shares rose to records, taking heart from domestic news.

Frankfurt moved broadly higher in brisk trading boosted by a rally in financial stocks. The Commerzbank index gained 17.4 to 2,003.3.

Better than expected GNP figures for the second quarter and a more stable dollar also heartened the market.

Interest moved from automobile and chemical issues into banking shares. Deutsche Bank rose DM14.50 to DM710, Commerzbank climbed DM9 to DM308.50 and Dresdner firmed DM8.50 to DM368.

Chemicals posted moderate gains after Bayer's rise in first-half earnings. Bayer advanced DM2.40 to DM361.40, BASF added DM1.80 to DM343.30 and Hoechst edged up 20 pfg to DM333.50.

In cars Porsche added DM34 to DM1,019, Daimler gained DM6 to DM1,142 and Volkswagen rose DM5.30 to DM404.30.

Engineers and retailers were mixed.

Bonds ended the first session of the month with moderate gains. The Bundesbank sold DM117.4m of paper after buying DM56.7m on Monday.

Zurich saw a lively day as foreign investors returned to purchase blue chips. Shortly before the close there was some light profit-taking which nudged banks off the day's high.

The new Swiss bourse index which came into operation yesterday added 10.6 to 1,137.6. The base for the index is June 1 1987, when it stood at 1,000. The Swiss Bank industrial index gained 8 to 682.

In chemicals Ciba-Geigy firmed SFr75 to SFr3,870, and Sandoz gained SFr50 to SFr15,000.

Engineerings saw Brown Boveri SFr70 higher at SFr2,910 and Oerlikon-Buehrle SFr15 firmer at SFr1,725. Sulzer rose SFr275 to SFr5,900.

Banks came under mild pressure shortly before the bourse closed. Crédit Suisse bearer eased SFr15 to close at SFr3,355 and Union Bank added SFr35 to close at SFr4,975.

Amsterdam held on to many of its early gains to close firmer. The ANP-CBS index added 1.2 to 347.2 in quiet trading.

Blue chips were generally firmer, but insurers continued their weak trend after last week's disappointing figures from Amev.

LONDON

THE UK securities markets shrugged off news of wider than expected trade and current account deficits for July.

Equities began firm, reflecting the latest survey by the Confederation of British Industry of short-term optimism in manufacturing industry. This had given way to indecision before the trade figures were announced, but a feared sharp shake-out on the news failed to materialise in thin volume.

Share prices surged in the last hour of trading on Wall Street's early buoyancy, and they closed at their best levels. The FT-SE 100 index ended 23.1 higher at 2,272.8, and the FT Ordinary index advanced 19.1 to end at 1,778.9.

The situation was repeated in the gilt-edged sector where early losses were finally replaced by gains of almost a point thanks to sterling's resilient performance.

Details, Page 38

Royal Dutch added Fl 1.90 to Fl 275.20, and Unilever firmed Fl 1.70 to Fl 142.20. Philips was unchanged at Fl 52.50.

Aircraft manufacturer Fokker slipped Fl 1 to Fl 56.50 after losing a US order for which it had been vying.

Madrid rose to a record as most sectors posted moderate gains during an active session. The index moved up 0.55 to 313.51 after profit-taking had eroded some early gains.

Utilities and construction issues put in the best performances, and banks were mixed with a firmer bias. Engineerings ended weaker.

Oslo passed the 400 level to close at a second consecutive record. The all-share index added 2.64 to 400.60 as banks and insurers led the advance after news of a reduced trade deficit in the first half.

Storebrand's NKr18 gain to NKr413 led insurers upwards. Bergen Bank rose NKr6 to lift other banks.

Oils were weaker on profit-taking after recent gains. Saga Petroleum, however, was unchanged at NKr126.

Stockholm was buoyed by good buying interest in blue chips and closed generally higher. The Veckans Affarer all-share index added 8.4 to 1,118.4.

Electrical and pharmaceutical blue chips posted good gains, and Volvo added SKr4 to SKr371 in reaction to Monday's sharp fall.

Astra, which announced disappointing results on Friday, shed SKr5 to SKr255.

Paris succumbed to moderate profit-taking and closed slightly weaker but above the day's lows. The CAC index, was up 1.7 at 430.4, reflecting the firmer morning trend.

The banking sector was generally lower as a result of continuing anxiety over interest rates, with Crédit National down FFr2 to FFr1,298 and Via Banque down FFr9 to FFr500.

There was also profit-taking on stocks which had moved sharply higher over the last few weeks in speculative buying. Construction group SGE was down FFr1 at FFr68, and textile group Prouvost was FFr9 lower at FFr471.

Brussels remained hesitant, and trade was very quiet with no developments to shake investors out of the post-holiday lull. The Brussels stock index shed 10 to 5,311.62.

The lack of interest caused Réserve, the share of Société Générale de Belgique, to fall BFr50 to BFr3,950. Tractebel was down BFr140 at BFr8,100, and Sofina shed BFr100 to BFr15,500.

Utilities were narrowly mixed while banking and insurance issues were little changed.

Industrials were lower. Metal Hoboken shed BFr100 to BFr8,700, Fabrique Nationale was down BFr25 at BFr1,505 and Gevaert was BFr80 lower at BFr8,300. Against the trend, Tobacofina added BFr200 to BFr11,300.

Milan eased in erratic trading, ending a streak of four upward sessions. The Milan bourse index lost 3.14 to 624.88.

The market focused on the suspension of Farmitalia Carlo Erba. Later, Montedison said its Erbamont unit was considering the purchase of the remaining 25 per cent interest in Farmitalia.

Montedison fell on the suspension of Farmitalia due to speculation over the move. The chemical company lost L75 to L2,325.

Insurer Generali slipped L550 to L126,150 despite buying interest following an announcement of closer co-operation between two De Benedettis who have shareholdings in the company.

Norway has second market for options

BY KAREN FOSSLI IN OSLO

A SECOND market for options trading in Norway has been established with a share capital of NKr50m ($7.5m) by the Norwegian Brokers Association, the Stockholm Options Market (OM) and several Norwegian financial institutions.

The Norwegian Options Market (NOM) intends to organise a market place for stock, index and futures options and to provide a clearing function. The system will be based on the Stockholm Options Market's telephone and screen-based trading system.

The latest agreement follows the creation last week of Norway's first options market by the Oslo Clearing Corporation, headed by Mr Peter Warren. It expects to be trading within a week.

The NOM is not likely to become operational, however, until Norway's finance ministry clarifies proposed new laws for options trading. This could take place in October as part of Norway's national budget plan for 1988.

Mr Olof Stenhammer, president of the OM, said the new market could eventually reach the trading level of the Stockholm market, where daily turnover is 50,000-60,000 contracts.

But it will initially offer stock options in only five actively traded Norwegian companies. "Anything more than this might hurt market liquidity," he said. Foreigners would probably be allowed to take part, but they might face problems under Norwegian law in converting options into shares, he added.

The Oslo bourse has been invited to buy shares in NOM and to preside over regulatory aspects of Norwegian law which affect options trading. The ownership structure gives the Norwegian Brokers Association a 45 per cent share, of which it plans to offer a percentage outside the current ownership consortium.

Stockholm Options Market holds 25 per cent, UNI Forsikring and Platou Investment each hold 9 per cent, Christiania Bank holds 6 per cent and Vesta and Storebrand, both Norwegian insurance companies, hold 3 per cent each.

● Norway is to tighten its system of checks for insider trading, according to Mr Gunner Berge, the Minister of Finance. Several cases are currently under investigation by the Norwegian Securities Exchange Commission (SEC).

The ministry may present proposals to the Storting, or parliament, this autumn under which companies would be required to control information during "sensitive times," such as the period shortly before publication of financial results.

The proposals are also likely to restrict trading in a company's shares by its board or employees at times when they might have access to price-sensitive information before it is made public. This would apply, for example, during mergers.

ASIA

Active buying spurs Nikkei to peak

TOKYO

THE START of September trading spurred buying enthusiasm in Tokyo yesterday and lifted prices to a record, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average gained 89.20 points to 26,118.42. Volume increased to 1,491.54m shares from 1,157.96m on Monday. Advances outnumbered declines by 508 to 399, with 147 issues unchanged.

Small-capital chemical issues, priced at Y500 to Y900, were the most sought-after issues, vying with steels, shipbuildings and other large-capital stocks.

Among chemicals Sumitomo Chemical was actively traded with 62.17m shares changing hands. It closed Y26 higher at Y1,000 after matching its record of Y1,010 reached in March.

Mitsui Toatsu Chemicals was also active and advanced Y22 to Y787. Nippon Sheet Glass, also on the actives list, added Y74 to Y979 while Teijin gained Y23 to Y963.

Mitsubishi Petrochemical and Yokohama Rubber closed Y40 and Y55 higher at Y1,500 and Y815, respectively.

Giant-capital stocks were traded briskly. Nisshin Steel topped the active list with 74.36m shares changing hands and gained Y12 to Y602. Nippon Kokan, the third most active stock with 60.54m shares, rose Y14 to Y328.

But Nippon Steel and Kawasaki Steel, which performed strongly until Monday, both ended Y2 lower at Y363 and Y326, respectively.

Buying interest in high-technology issues dwindled. Matsushita Electric Industrial finished at Y2,370, down Y30 from Saturday. Trading in Matsushita shares was suspended on Monday following the disclosure of plans to absorb its trading unit, Matsushita Electric Trading Co., on April 1 next year.

Small-lot buying pushed down Hitachi by Y10 to Y1,180 and TDK by Y90 to Y4,810.

Financial issues came under selling pressure with Sumitomo Bank shedding Y40 to Y3,980, Tokio Marine and Fire Insurance off Y10 at Y2,260 and Nomura Securities Y70 lower at Y4,800.

Trading in power utilities was lacklustre. Tokyo Electric Power fell Y80 to Y8,720 and Kansai Electric Power lost Y30 to Y3,320.

On the Osaka Securities Exchange (OSE), buying interest centred on chemicals, foods and contructions, sending share prices to yet another high.

The 250-issue OSE stock average gained 54.47 points to 26,785.34, setting records for three consecutive sessions. Volume totalled 232.07m shares, an increase of 39.88m shares from Monday.

Yodogawa Steel works advanced Y120 to Y1,140, bolstered by foreign buying, while Sakai Chemical Industry came under profit-taking pressure to close Y220 lower at Y2,560.

A lack of any fresh incentives led to inactivity on Tokyo's bond market. The market did not react to the first bidding for 20-year long-term government bonds worth Y500bn.

The yield on the benchmark 5.1 per cent government bond, maturing in June 1996, rose to 4.610 per cent at one point from 4.425 per cent on Monday.

But the yen's renewed strength against the dollar prompted buying, pushing down the yield to 4.480 per cent at the close of yesterday's trading. In inter-dealer trading later, the yield on the benchmark issue declined to 4.395 per cent.

TAIWAN share prices soared to a record in hectic trading on positive economic news and expectations that the market would rise further in the next few weeks, Reuter reports from Taipei.

The weighted stock index posted a single-day record gain of 139.07 yesterday to close at 3,214.39 after setting a record one-day surge of 104.39 the previous day. Turnover rose to Taiwan $15.81bn from T$15.56bn on Monday.

Brokers said strong buying by individuals and financial institutions, prospects of high economic growth and increasing amounts of idle funds looking for a home all helped boost bullish sentiment.

"People continue to flood the stock market with their money at a faster pace," one broker said. Many securities firms have been crowded by investors wishing to buy more stocks, he said.

Another broker said he expected there would be a major technical correction soon.

The advance was almost across-the-board with banking, insurance, cement, construction and electronic shares making the largest gains.

HONG KONG

THE BULLISH mood resumed in Hong Kong following Monday's public holiday, and heavy buying drove the Hang Seng index to a third consecutive record of 3,644.28, a gain of 32.54.

The market continued to be buoyed by good half-year results and the strength of the local economy, as well as by its own upward momentum of the past week.

The Hong Kong index was 22.90 higher at 2,388.49, and the September Hang Seng index futures contract gained 44 to 3,729. Trading reached HK$2.59bn, slightly less than the hectic HK$2.79bn worth on Friday.

Among properties, New World Development rose 50 cents to HK$15.20 and Henderson Land 25 cents to HK$7.50. The banking sector saw Hongkong Bank rise 20 cents to HK$11 and Hang Seng Bank put on 25 cents to HK$47.50.

But Cheung Kong again succumbed to selling, losing 50 cents to HK$13.20, and its associate Hutchison Whampoa was off 30 cents at HK$14.40.

SINGAPORE

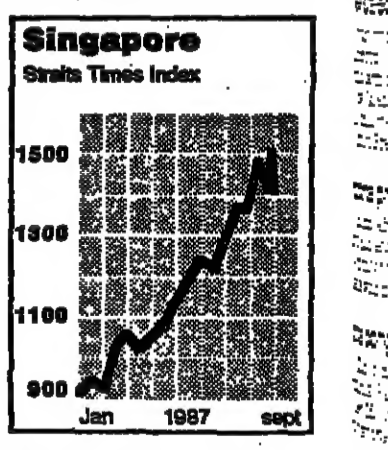
FEARS about racial tension in Malaysia, together with an absence of foreign investors, led to heavy selling in Singapore which sent the Straits Times industrial index into its steepest one-day fall for over 18 months.

The index dropped 49.38 to 1,404.55 in active trading of 37.7m shares compared with 22.9m on Monday.

The profit-taking was sparked off by reports that more mosques had been set on fire in Malaysia. Local investors were active sellers, but foreigners largely stayed out of the market following holidays in Hong Kong and London on Monday.

Among the bigger falls, DBS lost 30 cents to S$16.30, Fraser and Neave was off 20 cents at S$13.70 and Singapore Airlines also ended down 20 cents at S$14.30.

Malaysian losses included Malayan Banking, down 20 cents to S$7.80, Sime Darby, off 12 cents at S$3.38, and Selangor Properties, off 10 cents at S$1.57. Malaysian second-liners were the most active stocks, with Tan Chong off 5½ cents at 90½ cents on 2.8m shares.



AUSTRALIA

A MILD RALLY in Sydney recovered some of the ground lost on Monday as Wall Street stocks picked up and the bullion price firmed slightly.

The All Ordinaries index edged up 7.7 to 2,157.7 close to Friday's record high, but trading nationally was even thinner than on Monday at 127m shares.

The media sector was once again at the centre of attention as John Fairfax fell 60 cents to A$8.40 after leaping A$2 on Monday on the buy-out offer from Warwick Fairfax's Tryart.

News Corp meanwhile added 10 cents to A$23.30 after its takeover bid for the shares it does not already own in Advertiser Newspapers. The latter climbed A$1.64 to A$8.80.

In the mining sector CRA lost 30 cents to A$10 after its half-year results, but Western Mining picked up 14 cents to A$9.64. Gold gains included Kidston, up 20 cents at A$8, and Placer Pacific, 5 cents higher at A$3.85.

Elders, which announced details of a Hong Kong-based investment company, was off 8 cents at A$5.56.

SOUTH AFRICA

A HIGHER financial rand prompted an easier trend in Johannesburg, and gold shares ended mostly lower despite a steady bullion price.

The sudden rise on Monday lacked follow-through support as investors were reluctant to chase the higher prices.

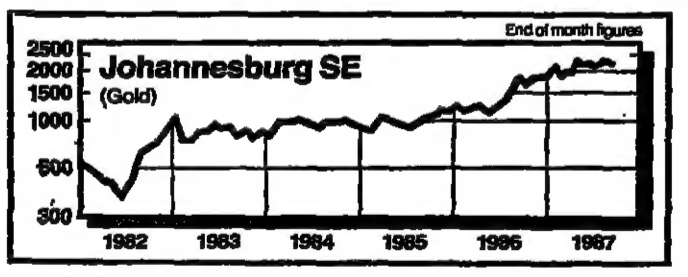
Vaal Reefs fell R12 to R475 after a rise of R16 on Monday. Harmony gave up its gain of R1 to end at R56. Randfontein dropped R3 to R440.

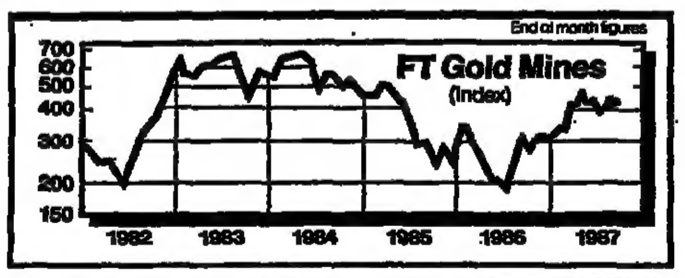
Mining financials also eased. Gencor shed 75 cents to R70 while diamond share De Beers lost 50 cents to R52.75.

A feature of the day was the listing of new platinum mine Lefkochrysos, issued at R13. The share came on at R21, traded as high as R24.50 and closed at R24.23.

Industrials were mixed. Sasol gained 40 cents to R14.25, correcting a decline which resulted from Monday's announcement that fiscal 1987 net income dropped 8.6 per cent. Barlow Rand fell 25 cents to R28 and South African Breweries was unchanged at R24.75.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Sept 1	Prev	Year ago
DJ Industrials	2,610.97*	2,662.95	(c)
DJ Transport	1,048.21*	1,060.85	772.13
DJ Utilities	204.54*	207.44	219.15
S&P Comp.	323.40	329.80	(c)
LONDON FT			
Ord	1,778.9	(c)	1,322.7
SE 100	2,272.8	(c)	1,672.80
A All-share	n/a	(c)	(n/a)
A 500	n/a	(c)	(n/a)
Gold mines	438.2	(c)	262.0
A Long gilt	n/a	(c)	(n/a)
World Act. Ind (August 31)	139.35	139.05	101.71
TOKYO			
Nikkei	26,118.42	26,029.22	18,820.7
Tokyo SE	2,153.20	2,154.26	1,543.08
AUSTRALIA			
All Ord.	2,157.7	2,150.2	1,200.0
Metals & Mins.	1,346.1	1,346.1	549.9
AUSTRIA			
Credit Aktien	213.80	214.30	239.17
BELGIAN SE	5,311.60	5,321.70	3,852.58
CANADA			
Toronto			
Met.& Mins.	3,165.0	3,188.0	2,044.88
Composite	3,982.3	3,993.7	(c)
Montreal			
Portfolio	1,970.45	1,982.85	(c)
DENMARK SE			
SE	n/a	n/a	199.88
FRANCE			
CAC Gen	430.40	428.70	412.5
Ind. Tendance	110.90	111.00	98.42
WEST GERMANY			
FAZ-Aktien	660.06	655.19	702.65
Commerzbank	2,033.30	2,015.90	2,121.7
HONG KONG Hang Seng	3,644.28	(c)	1,903.02
ITALY Banca Comm.	624.88	628.02	823.24
NETHERLANDS ANP CBS			
Gen	318.50	313.00	294.7
Ind	267.60	268.10	295.7
NORWAY Oslo SE	537.66	535.83	365.95
SINGAPORE Straits Times	1,404.50	1,453.90	838.18
SOUTH AFRICA JSE			
Golds	–	2,368.0	1,727.0
Industrials	–	2,209.0	1,300.0
SPAIN Madrid SE	313.51	312.96	199.03
SWEDEN J & P	3,013.20	3,000.00	2,392.98
SWITZERLAND Swiss Bank Ind	682.00	674.00	580.6

COMMODITIES (London)

	September 1	Prev
Silver (spot fixing)	455.10p	(c)
Copper (cash)	£1,047.50	(c)
Coffee (September)	£1,345.00	(c)
Oil (Brent Blend)	$18.425	(c)

GOLD ($/oz)

	Sept 1	Prev
London	$453.25	(c)
Zürich	$454.05	$456.25
Paris (fixing)	$455.51	$453.93
Luxembourg	$452.35	$455.75
New York (Dec)	$462.80	$458.70

CURRENCIES (London)

	US DOLLAR Sept 1	Previous	STERLING Sept 1	Previous
$	–	–	1.6400	1.6335
DM	1.8125	1.8110	2.9725	2.9575
Yen	141.85	141.95	232.75	232
FFr	6.065	6.0475	9.9475	9.88
SFr	1.4965	1.4925	2.455	2.4375
Fl	2.0420	2.0400	3.35	3.3325
Lira	1,312.5	1,310	2,152.5	2,140
BFr	37.65	37.70	61.75	61.60
C$	1.3170	1.3195	2.1605	2.1555

INTEREST RATES

Euro-currencies (3-month offered rate)	Sept 1	Prev
£	10⅛	10⅛
SFr	3⅝	3⅝
DM	4[illegible]	3[illegible]
FFr	8⅛	8[illegible]
FT London Interbank fixing (offered rate)		
3-month US$	7[illegible]	7[illegible]
6-month US$	7[illegible]	7[illegible]
US Fed Funds	6[illegible]*	6⅝
US3-month CDs	6.90*	6.875
US3-month T-bills	6.235*	6.49

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept 1 (Sept)	87-17	87-24	87-01	87-16
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.79	93.81	93.73	93.78
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.70	92.72	92.67	92.69
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	114-18	114-18	113-04	113-27

US BONDS

Treasury

	September 1 Price	Yield	Prev Price	Yield
7⅞ 1989	99[illegible]	7.95	99[illegible]	7.97
7 1994	95[illegible]	8.83	95[illegible]	8.82
8½ 1997	97[illegible]	9.02	97[illegible]	9.17
8¾ 2017	96[illegible]	9.21	96[illegible]	9.89

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	September 1 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	September 1 Price	Yield	Prev Price	Yield
AT & T 3⅞ July 1990	(uch)	(uch)	93.125	6.53
SCBT South Central 10⅞ Jan 1993	(uch)	(uch)	102.0	10.21
Phibro Sal 8 April 1996	(uch)	(uch)	89.63	9.83
TRW 8⅜ March 1996	(uch)	(uch)	93.88	9.63
Arco 9⅞ March 2016	(uch)	(uch)	96.73	10.10
General Motors 8⅝ April 2016	(uch)	(uch)	80.44	10.10
Citicorp 9⅜ March 2016	(uch)	(uch)	88.65	10.55

Source: Salomon Brothers

* Latest available figures